ANNUAL REPORT | 2002

JD GROUP

A Watershed Year

The turning point with a focus on the future – the JD way

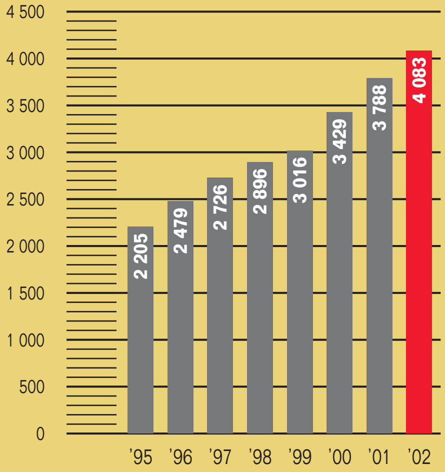
Philosophy

Satisfying the consumer in the pursuit of consistent, acceptable profit growth through the ongoing development of our people and by being innovative in everything we do, in particular merchandising and marketing, the development of supplier alliances based on sound business principles, and the ongoing development of management and leadership skills, while remaining conscious of our social responsibility to the community at large.

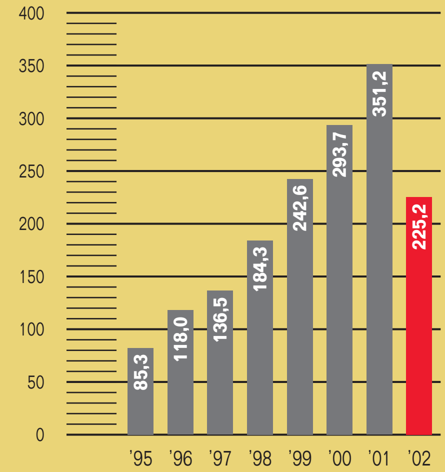
Contents

Use this CD-rom for quick links to the online annual report and online proxy.

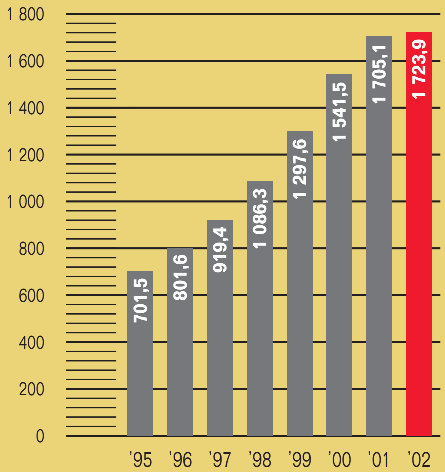
Revenue
(R million)



Headline earnings per share
(cents)



Net asset value per share
(cents)



Profile

JD Group, a mass consumer financier, is South Africa's leading furniture retailer operating through seven chains, one in Poland and one in the United Kingdom (UK), which cover a spectrum of consumer needs. It is listed on the JSE Securities Exchange South Africa in the Cyclical Services: General Retailers – Hardlines sector and on the Namibian Stock Exchange – Retail sector.

Each chain has its own identity, merchandise range and market profile, concentrating on offering customers a wide range of value for money quality furniture, appliances, home entertainment and consumer finance products supported by a high level of personal service.

JD Group serves the mass market through 668 (2001: 665) stores in urban and rural areas across southern Africa, through 22 (2001: 19) stores in Poland and five stores in the UK, generating annual revenue in excess of R4,0 billion, and an annual cash inflow of some R3,4 billion from trading activities.

Financial performance

Over 19 years, a pioneering spirit has fuelled the Group's growth, both organic and by acquisition. Today, JD Group is synonymous with innovation in retailing and financial services.

		31 August 2002	31 August 2001
Revenue	Rm	**4 083**	3 788
Income attributable to shareholders	Rm	**241**	275
Total assets	Rm	**4 253**	4 539
Shareholders' equity	Rm	**1 943**	1 920
Gearing ratio	%	**53,9**	41,8
Operating margin	%	**10,2**	17,3
Headline earnings per share	cents	**225,2**	351,2
Cash equivalent dividends per share	cents	**56,0**	94,0
Net asset value per share	cents	**1 723,9**	1 705,1
Return on assets managed	%	**12,0**	20,4
Return on average shareholders' equity	%	**12,5**	15,1

Note: Definitions of the terms above are reflected on page 67.

A brief history – The JD timeline

1983

Price 'n Pride was established in July.

1986

Joshua Doore was acquired in April.

Joshua Doore Ltd, trading as Price 'n Pride and Joshua Doore, was floated on the JSE in August.

1988

Joshua Doore Ltd acquired Bradlows, Score Furnishers and World Furnishers and changed its name to JD Group Ltd. World was absorbed into the Price 'n Pride and Score chains.

1991

JD Sales (Pty) Ltd was formed to acquire the instalment sales debtors book of JD Group Ltd and to carry out the credit operations of the Group. JD Group Ltd became a cash business, whilst simultaneously managing the credit business of JD Sales (Pty) Ltd.

1993

JD Group Ltd, with 250 outlets, acquired 100% of The Rusfurn Group Ltd which traded out of 350 furniture outlets and became the largest furniture retailer in Africa. The rapid and successful integration of the two groups astounded the industry.

1994

JD Group Ltd became solely an investment holding company, having disposed of its trading operations in the Republic to its wholly owned subsidiary, JDG Trading (Pty) Ltd which also acquired the credit business of JD Sales (Pty) Ltd. JD Group International (Pty) Ltd operated the Group's businesses in the BLNS states.

1996

The Group, in partnership with Telkom, installed and commissioned satellite communication, known as V-Sat, to all outlets.

1999

The Group acquired a 90% stake in Abra, trading in Poland. The Group established an Enterprise Data Warehouse enabling it to convert vast customer and product data into meaningful management information.

2000

The Competition Tribunal rejected the Group's proposal to merge with Ellerines.

In November, Nedcor, trading as Peoples Bank, was selected as financial services partner.

2001

Score Furnishers was discontinued and Price 'n Pride was relaunched to cater for a higher segment of the market.

The Group acquired the master licence for the BoConcept® retail stores throughout the United Kingdom, including outlets in London and Bournemouth.

2002

In June, the Group signed a memorandum of understanding with FirstRand Bank Ltd for the proposed acquisition of the businesses of Profurn Ltd, subject to approval by the Competition authorities.

The Group is in the process of migrating to a centralised branch processing architecture and selected PeopleSoft for this purpose.

Corporate objectives & opportunities

CUSTOMERS

To develop a "customer centric" culture, committed to providing real value for money and excellence of service, thereby ensuring customer satisfaction and loyalty.

PROFIT & GROWTH

To be a desired investment by all investors as a result of above average performance and consistent growth.

OUR PEOPLE

To be the most sought after employer by providing ongoing development and training for all our people, thereby creating a career orientated environment allowing our people to share in the Group's success.

SUPPLIERS

To deal transparently with all suppliers on the basis of sound business principles, thereby ensuring that long lasting alliances are maintained for our mutual benefit.

INNOVATION

To be innovative in all our business activities thereby satisfying our desire to provide better service.

SOCIAL RESPONSIBILITY

To meet our social responsibilities through providing a better life for the disadvantaged and less fortunate members of the communities in which we trade.

THE ENVIRONMENT

To manage the environmental impacts of our activities by complying with all relevant safety, health and environmental legislation and by enhancing awareness amongst our employees.

MANAGEMENT & LEADERSHIP

To develop the leadership potential amongst us, together with the ongoing enhancement of our managerial skills, thereby ensuring ongoing success.

GLOBAL ASPIRATIONS

The Group now owns 99,47% of the equity in Abra, operating in Poland. Abra is positioned to grow its store base to 50 within the next three years.

The Group acquired the master licence for the BoConcept® retail stores throughout the United Kingdom and owns 85% of BoConcept® in the UK. The plan is to roll out 30 to 50 stores over the next five years.

SOLID FOUNDATION

The five southern African chains have collectively traded for 250 years, or an average of 50 years per chain. The longest established chain, Bradlows, has now traded for 99 years; followed by Russells 59; Electric Express 44; Joshua Doore 29; and Price 'n Pride 19. Abra has traded in Poland for 12 years. BoConcept® has traded in the UK since 1999.

EXTENSIVE DATA NETWORK

The Group processes some 320 million transactions each year from 750 sites via its satellite based communications network (V-Sat). The Group administers in excess of 1,2 million current customer accounts and has approximately 6 million paid up customers on its database. The average cash inflow from customers approximates R11 million per day.

SALES

Annually, the Group distributes over 100 million catalogues to customers and potential customers and in excess of 3,6 million Club magazines to Club members. Our inventory system facilitated the processing of 1,53 million line items sold across the 192 departments and sub-departments.

FINANCIAL SERVICES

Peoples Bank points of presence have been expanded to 182 selected stores to optimise the opportunities flowing from our store base, extensive data network, customer database, credit history and our proven ability to provide finance to an emerging market.

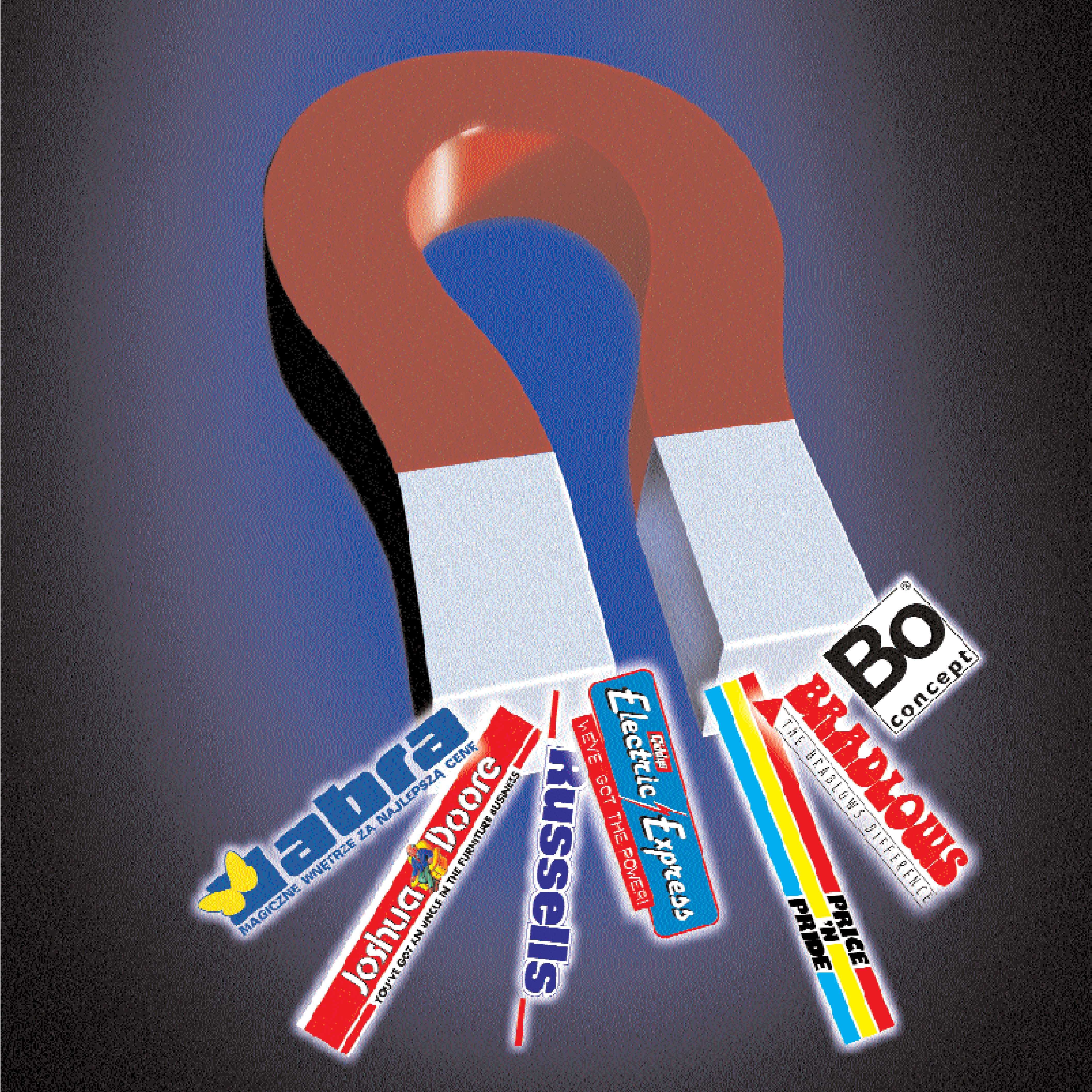
JD GROUP

abra – MAGICZNE WNĘTRZE ZA NAJLEPSZĄ CENĘ	Furniture retailer serving the mass market in Poland (equivalent to new universal LSM 5 to 8), with the by-line "magical interiors at the best price"
Bo concept	An upmarket contemporary home furnishing and décor experience for the discerning customer (equivalent to new universal LSM 8 to 10)
BRADLOWS – THE BRADLOWS DIFFERENCE	Established national retailer selling quality branded furniture, appliances and home entertainment products to the aspirational upper middle mass market (new universal LSM 5 to 9)
Electric Express – WE'VE GOT THE POWER!	Specialist appliance and home entertainment retailer selling for cash and on terms at discount prices in dynamically displayed stores to the middle mass market (new universal LSM 5 to 10)
Joshua Doore – YOU'VE GOT AN UNCLE IN THE FURNITURE BUSINESS	The largest furniture and appliance discounter in southern Africa selling to the middle mass market (new universal LSM 4 to 8)
PRICE 'N PRIDE	Furniture and appliance retailer serving the lower end of the middle mass market in the rural and urban communities (new universal LSM 4 to 7)
Russells	Branded furniture and appliance retailer serving the middle to upper middle mass market in metropolitan and urban areas (new universal LSM 5 to 8)

New universal LSM = Living Standard Measure

	GAUTENG	KWAZULU-NATAL	WESTERN CAPE	MPUMALANGA	LIMPOPO	EASTERN CAPE	NORTH WEST	FREE STATE	NORTHERN CAPE	BOTSWANA	LESOTHO	NAMIBIA	SWAZILAND	POLAND	UK	TOTAL
B	–	–	–	–	–	–	–	–	–	–	–	–	–	22	–	**22**
																–
B	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5	**5**
																–
B	34	13	–	7	7	9	11	7	–	3	–	–	2	–	–	**93**
PB	21	4	–	–	6	4	4	1	–	–	–	–	–	–	–	**40**
B	31	12	22	9	10	13	8	8	1	–	–	–	–	–	–	**114**
																–
B	35	16	20	16	11	14	12	14	4	–	–	4	–	–	–	**146**
PB	20	7	12	3	5	5	4	3	–	–	–	–	–	–	–	**59**
B	15	17	6	11	22	11	17	12	3	–	7	–	–	–	–	**121**
PB	3	–	2	–	2	–	2	1	–	–	–	–	–	–	–	**10**
B	46	27	34	21	13	16	13	19	5	–	–	–	–	–	–	**194**
PB	28	8	15	4	6	4	5	3	–	–	–	–	–	–	–	**73**
B	161	85	82	64	63	63	61	60	13	3	7	4	2	22	5	**695**
PB	72	19	29	7	19	13	15	8	–	–	–	–	–	–	–	**182**

B = Branches PB = Peoples Bank points of presence within branches


abra
MAGICZNE WNĘTRZE ZA NAJLEPSZĄ CENĘ
Joshua Doore
YOU'VE GOT AN UNCLE IN THE FURNITURE BUSINESS
Russells
Electric Express
WE'VE GOT THE POWER!
BRADLOWS
THE BRADLOWS DIFFERENCE
PRICE 'N PRIDE
BO concept

Acquiring wealth through strongly positioned brands and powerful alliances

JD GROUP 2002

Ownership of these brands means access to many consumers.

These well known household names ensure that JD Group is strongly positioned to continue its growth into new emerging markets.

The alliance with Nedcor and our association with Old Mutual Group Schemes have potential for all participants.

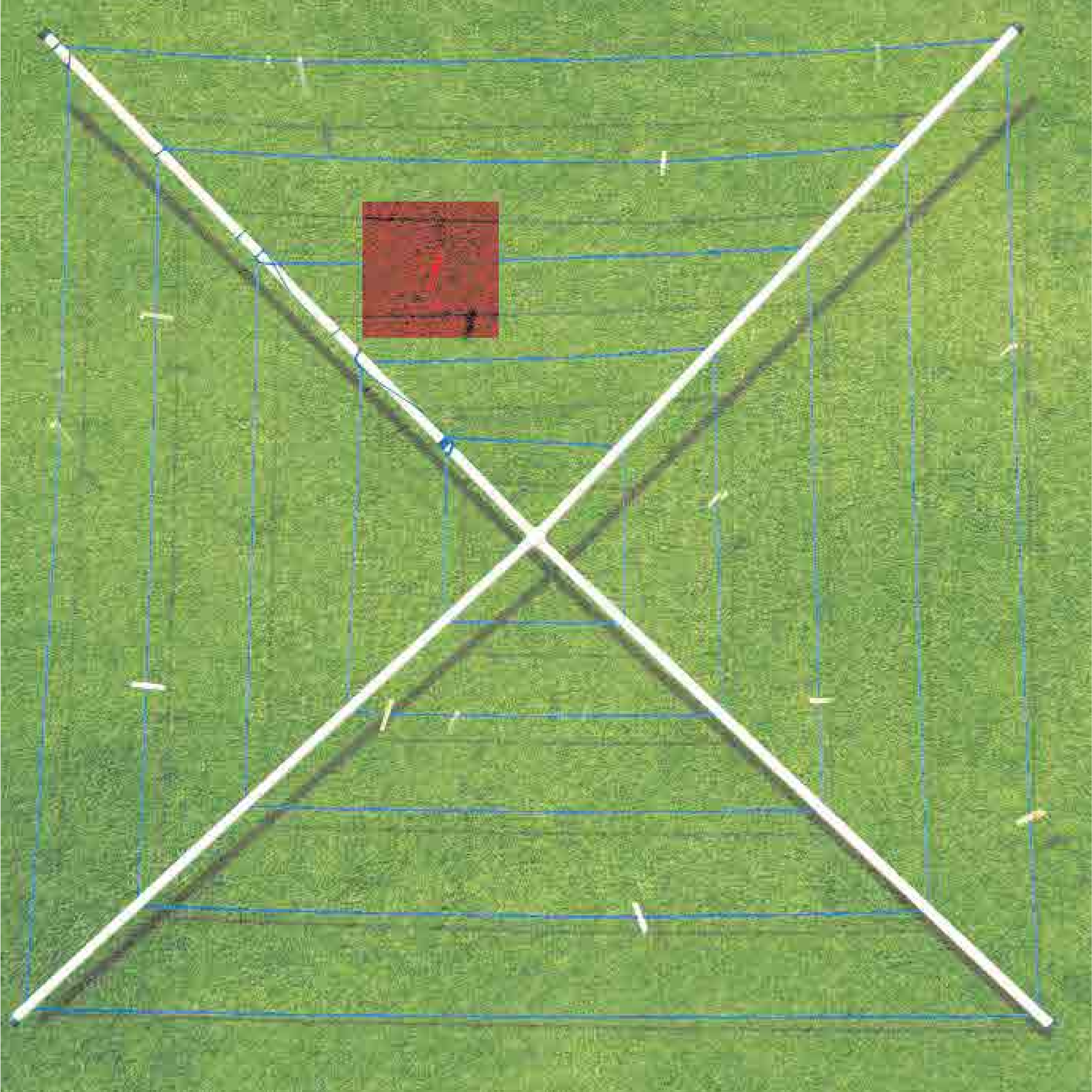
JD's newly acquired brands are a catalyst for international expansion

Capitalising on the solid foundations established in southern Africa, JD Group is expanding its global presence, entering markets similar to those it has successfully penetrated.

The opening of four new BoConcept® stores in Brighton, Southampton, Cardiff and Glasgow to date presents a unique and lucrative opportunity for the Group's global expansion.

Abra's 22 stores now constitute one of the largest furniture retailers in Poland with revenue growing by 50% and income margins at newer stores yielding 10% return on sales.

Major training and development programmes were embarked upon and Abra is expected to break even in 2003.



How we keep it all together

INVESTMENT IN INFORMATION TECHNOLOGY PAYING HUGE DIVIDENDS

The Group's technology and user friendly information is a key differentiator.

Through our Enterprise Data Warehouse (EDW) we continued our below-the-line, customer focused, marketing programme with very positive results. In addition, EDW will play a key role in the development of customer behavioural scoring, thus enabling improved extension of credit to our customers and the subsequent management thereof.

The growing use of electronic trading with our vendors enables the Group to re-engineer the Supply Chain which will generate significant cost savings.

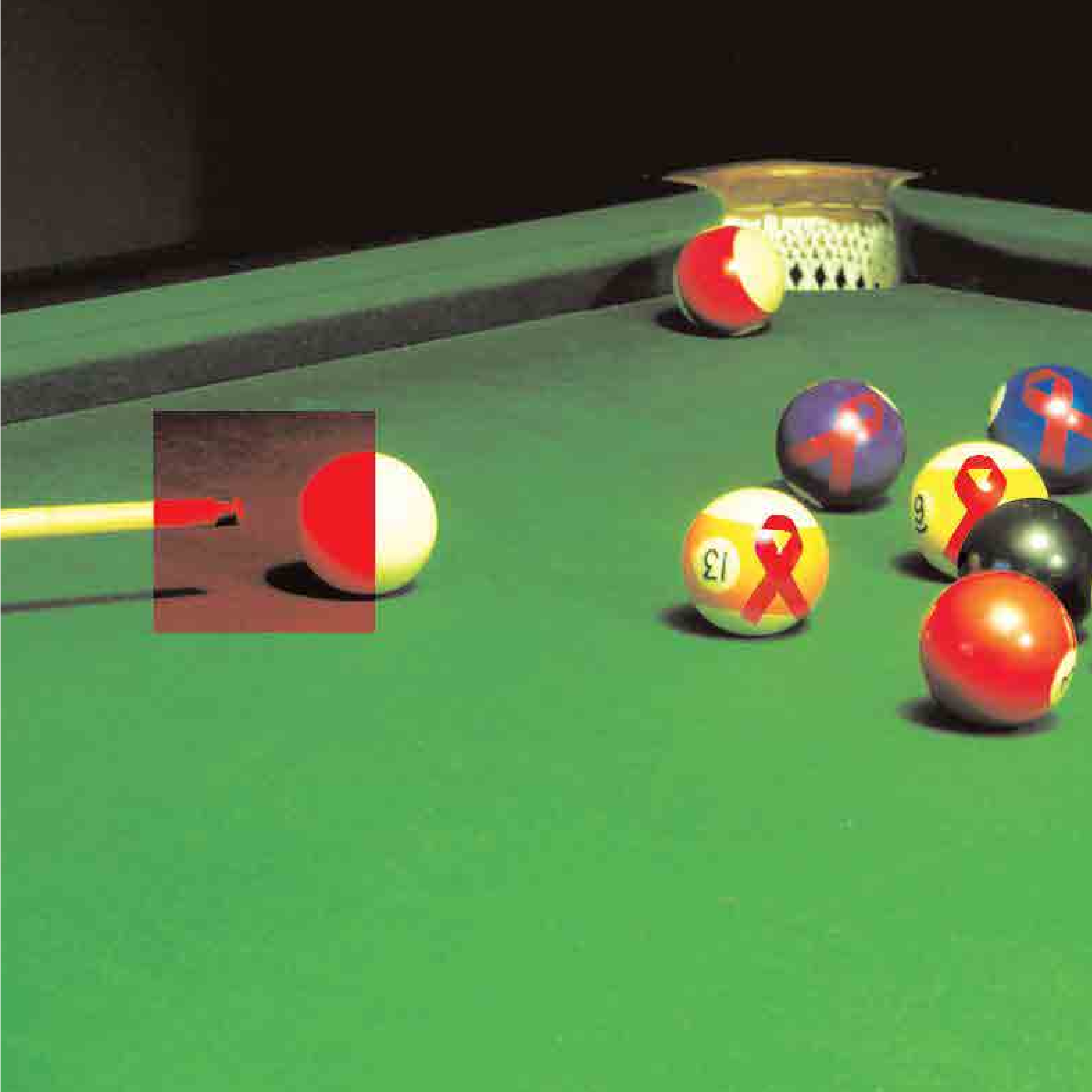
EXTENSIVE DATA NETWORK

During the year, rollout of broadband connectivity to our branches commenced. This will enable the increasing use of web based applications. In addition, the broadband connectivity will allow for more efficient communications and on demand information.

The initiative and the drive of JD's management sets the example

Training and development has always been one of the cornerstones of the JD philosophy. Good business sense demands that we foster an environment that continuously encourages the development of our people to their full potential.

Executive management has recently concluded an exercise evaluating operational efficiencies; the implementation of the findings will result in further improvement at all levels.



Efficient research
that can change the impact of the game

Research done by JD predicting changing demographics in South Africa, was received with scepticism.

Today, there is acceptance that the research findings were more than accurate. The Group will therefore further rationalise its businesses in line with future demographic changes, positioning JD well for increased returns and ongoing growth.

Through our insights JD is not only able to understand the market profile, but also the needs of the community. In recognition of our social responsibility, JD meaningfully contributes to the upliftment of children in the Lerato Love Home, Little Champs projects, the Topsy Foundation and the Mitzvah School.

Achieving great heights
through the depth of our management

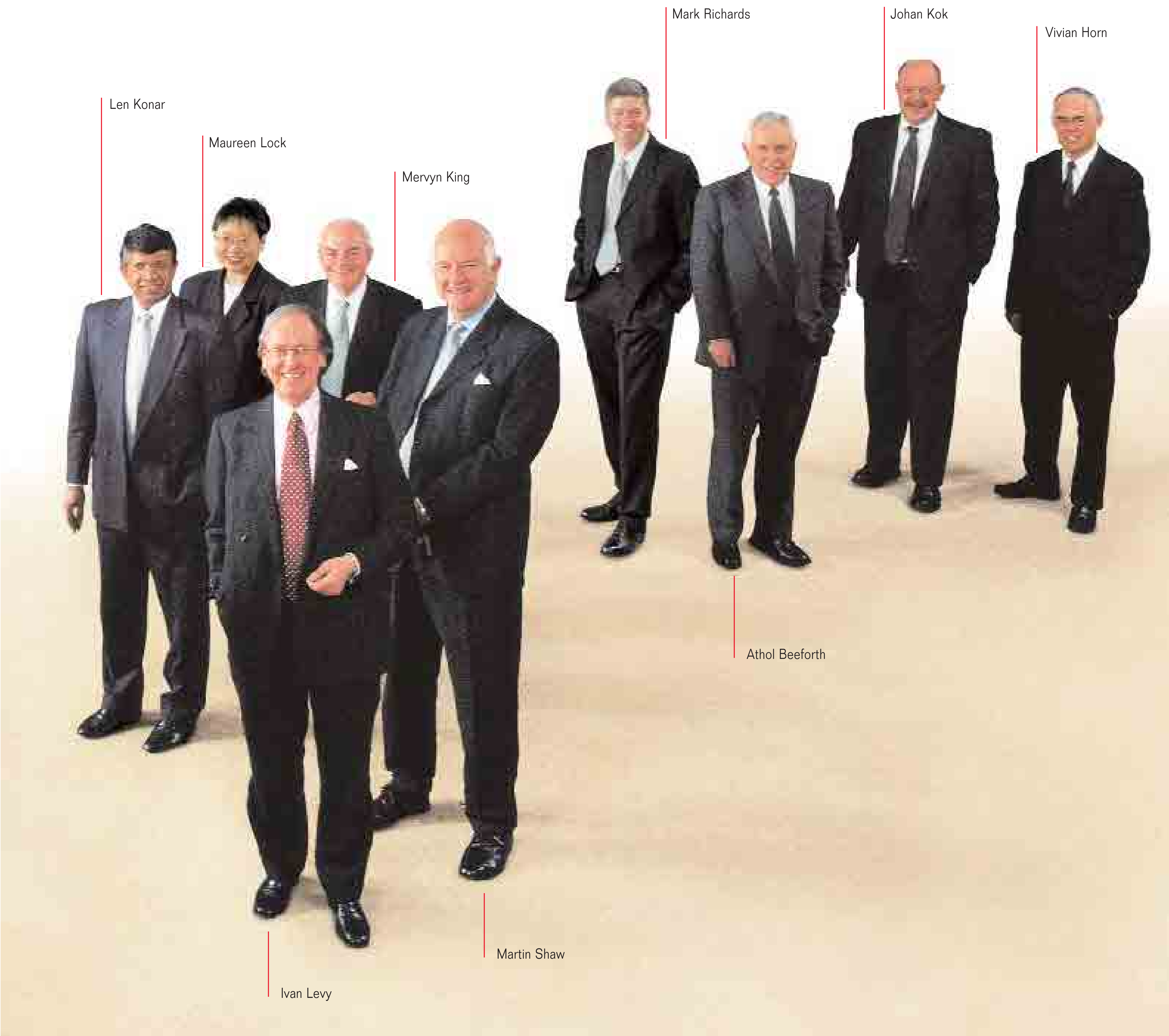
Niall Thomson

David Sussman

Mias Strauss

Gerald Völkel

Jan Bezuidenhout


Mark Richards
Johan Kok
Vivian Horn
Len Konar
Maureen Lock
Mervyn King
Athol Beeforth
Martin Shaw
Ivan Levy

"Facing the realities of today requires a special breed of people.

We stand as one in our commitment to the achievement of excellence."

Executive directors

DAVID SUSSMAN (54)
BCom
Executive chairman
Appointed April 1986.
Appointed chairman in February 1989.
29 years' experience in furniture retailing.
Founded the Group in 1983.

MIAS STRAUSS (50)
Managing director
Appointed 1 December 1993.
Responsible for Group operations.
32 years' experience in furniture retailing.
Joined Russells in 1971 and appointed chief executive of that chain in 1989.

JAN BEZUIDENHOUT (47)
BCom LLB
Director – Corporate services
Appointed 16 March 1994.
Responsible for Group strategic planning, investor liaison and corporate legal and statutory services. 13 years' experience in merchant and corporate banking and nine years' experience in furniture retailing.

NIALL THOMSON (54)
Director – Logistics
Appointed 1 December 1994.
Responsible for Group marketing, merchandising and distribution.
30 years' experience in furniture retailing, having joined Russells in 1972.

GERALD VöLKEL (42)
BAcc CA(SA)
Group financial director
Appointed 2 April 2001.
Joined the Group in November 1995.
15 years' experience in auditing and seven years' experience in retailing.

Non-executive directors

DR LEN KONAR (48)

BCom HDip Acc MAS Cert Tax Law DCom CA(SA)
Director of companies
Appointed 19 July 1995.
Chairman of the risk management committee and member of the audit, nominations and remuneration committees.

MAUREEN LOCK (53)

BCom CA(SA)
Corporate financier
Appointed 2 April 2001.

IVAN S LEVY (64)

Dip Law
Attorney and director of companies
Appointed 1 December 1994.
Chairman of the nominations and remuneration committees and chairman of the board of trustees of the Group's pension fund.

MERVYN KING SC (65)

BA LLB (cum laude) HDip in Tax Law
Chairman of the King Committee on Corporate Governance and director of companies
Appointed 2 May 1995.
Chairman of the audit committee and member of the nominations and remuneration committees.

MARTIN SHAW (64)

CA(SA)
Consultant and director of companies
Appointed 1 June 2001.
Member of the risk management, audit, nominations and remuneration committees.

Executive management

MARK RICHARDS (44)

CA(SA) ACA
Group strategy and new business development executive
19 years' experience in auditing and five years' experience in retailing.

ATHOL BEEFORTH (55)

BCom CA(SA)
Group operations executive:
Bradlows, Electric Express and Price 'n Pride
30 years' experience in retailing.

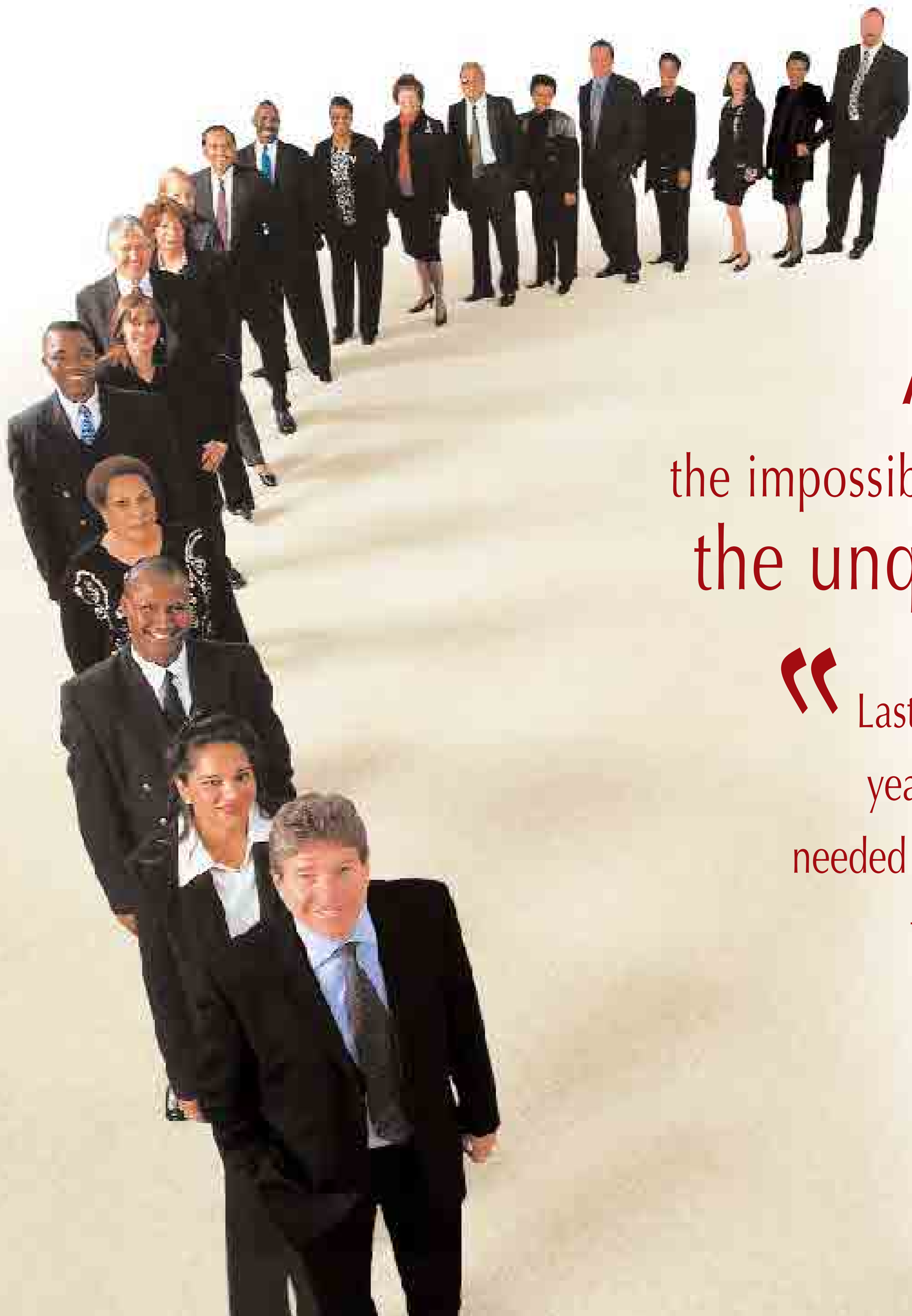
JOHAN KOK (51)

Chief operating officer
31 years' experience in retailing.

VIVIAN HORN (51)

Group operations executive:
Russells and Joshua Doore
31 years' experience in retailing.

These four executives and the five executive directors of the Group are members of Sustein Management (Pty) Ltd, the Group's management company. Together, they comprise the executive team which manages the affairs of the Group.



Setting out to Achieve the impossible and deliver the unquestionable

"Last year was a watershed year. We have done what needed to be done in order to face the future with confidence."

Last year was a watershed year. We have done what needed to be done in order to face the future with confidence. The changing dynamics of the environment in which we trade forced this upon us. What held good for the past is most certainly not so for the future. Those companies who fail to acknowledge this reality will hit a brick wall; some already have.

We are obviously disappointed that we deliberately had to interrupt our strong growth track record. Nevertheless, this was absolutely necessary because of our assessment of the future economic environment and the changes we therefore had to implement in the credit granting process. This clearly had an impact on revenues and earnings. However, we are confident that time will show us as being correct in our actions thus safeguarding the long term growth prospects of the business.

We have experienced significant permanent changes in South African demographics. Urbanisation has led to a shift in spending patterns. There has been an over extension of credit available to the mass market. The Group's strong asset base, sophisticated infrastructure and dedicated and skilled team of players go a long way to ensure its long term well being.

RESULTS

Despite imposing stringent credit granting measures, overall performance of the Group was satisfactory and certainly places us in a strong position going forward.

Group revenues were up 8% to over R4 billion, with all businesses producing top line growth. Notably, Abra, the Group's retailer in Poland, showed strong growth of over 135% to R232 million and there was a contribution for the first time from our UK upmarket home furnishing retailer, BoConcept®. The South African businesses produced revenue growth of 3,2%, mostly the result of stronger cash sales with flat revenue from credit sales. The higher cash sales component is now a feature of the business due to the decline in creditworthy customers. Income from finance charges was flat, partly due to low usury rates, which have since reversed.

The gross margin was slightly lower due to higher cost of sales in the international businesses. Cost of sales in southern Africa was lower.

Operating income was in line with our expectations at the time of publishing our interim results. It fell 36% to R418 million, the same percentage fall as at the half year. This includes an increase in bad debts and related costs, operating losses at Abra and BoConcept® and goodwill written off.

Finance costs were up some 29% because of increased borrowings and interest rates.

Headline earnings per share fell 36% to 225,2 cents.

The Group has complied with International Accounting Standards since its 2000 financial year. In line with this practice, the Group results reflect the first time application of IAS 39, a first for our sector.

The main impact of adopting IAS 39, is the impairment of our receivables resulting from net present valuing estimated future cash collections on delinquent customers.

The transitional provisions of IAS 39 requires that the impact of the adoption of the standard be processed against opening retained income. Hence the impairment provision assessed at 1 September 2001 of R220 million has been processed accordingly. The benefits arising from our new approach to credit granting and improved collection process have resulted in the reduction of the impairment provision of R83 million in the current year. The result at year end is an increased provision of R137 million against receivables. Total provisions against receivables now amount to R915 million, 23,0% of gross receivables (2001 proforma: R898 million, 23,8% of gross receivables).

The arrears has increased across all our business units. This trend was, however, contained and is now reversing as a result of the positive impact of the new approach to credit granting and the improved collection process. The average length of the book has reduced from 16,2 months to 15,1 months which reflects an improvement in the collection rates from 6,2% to 6,6%.

Our balance sheet remains strong. Gearing, at 53,9%, is slightly above our internal maximum. Inventory levels were up because of inflation and the inclusion of BoConcept® inventories. We maintained excellent inventory control with an average inventory turnover of 3,8 times per annum.

JD Group, a mass consumer financier, is South Africa's leading furniture retailer.

Revenue up 8% to R4,1 billion

Headline earnings per share down 36% to 225,2 cents

Asset base strengthened

Cash generated by our operations increased from R212 million to R251 million, largely on the back of our efficient management of working capital within the Group. As a result of the increase in the taxation paid, together with interest and loan repayments, our net cash balances fell to R220 million by year end.

OPERATIONS

Statistics recently provided by Econometrix suggest that national household furniture sales in South Africa shrank during the year under review. Domestic appliances, with the exception of the fourth quarter of 2001, which showed some growth, as a result of price inflation mirrored this pattern. Audio equipment, television and video saw growth. While there was an element of price inflation with the decline of the rand, new technology in television sets, increased momentum in DVD and the FIFA World Cup in Japan and Korea led to the increased sales.

Notwithstanding the above, with the exception of Price 'n Pride which was repositioned, the business units within the JD Group showed real growth in both units and rand terms. Furthermore, improved efficiencies were achieved in every aspect of the business. The segmental analysis on page 82 gives the details of the above for each business unit.

It is noteworthy to highlight what has been achieved by Price 'n Pride and the time it has taken to return this business unit to profitability. During the first six months of the year, this business unit produced an operating loss of R7 million but this was reversed into an operating profit of R44 million in the second half of the year. Average deposits, the cash sale rate and the instalment rate have increased significantly as a result of the repositioning of this brand. We expect these trends to continue.

Like on like sales at Price 'n Pride declined by 1,4%. Excluding this from Group sales, the other four business units grew like on like sales by 5,3%. We are determined to grow our market share without succumbing to the temptation of selling at the expense of good credit.

The consolidation that is taking place in our sector is long overdue. However, this consolidation will not in itself address the problems facing our industry.

The consumers' ability to service debt and our ability to assess the consumers' indebtedness with the same degree of certainty we had in the past, have both diminished materially. This has necessitated a very different approach to credit assessment and the management of our receivables.

While some would argue that our timing in addressing the credit issue was inopportune, that is, just prior to the 2001 Christmas trading, it is precisely at that time when credit granting is at its riskiest. We had hoped that the very aggressive marketing plans put in place, as an antidote to the severe credit granting criteria, would offset the negative impact on sales. It is gratifying to note that May 2002 and June 2002 showed 10,1% year on year growth in instalment collections. July 2002 showed a 12,8% growth with August 2002 growing by 13,3%. This improvement in instalment collections is expected not only to continue but also to improve as our new approach to credit granting gains momentum. The long term benefits to our southern African operations will be immense.

The Group's revenue stream was hit by the lower usury rate in 2002. However, the recent rate increases benefit our bottom line despite the indirect effect on consumer spending.

JD Group/Nedcor alliance

In its first full year of trading, the Peoples Bank alliance made significant progress, increasing points of presence from 106 to 182 in selected Bradlows, Russells, Joshua Doore and Price 'n Pride stores nationwide. Peoples Bank also piloted its first full service in-store outlet during the year.

Loans granted increased almost tenfold to R228 million for the year. A selected range of Old Mutual insurance products continue to offer customers funeral, savings and education benefits. The response to these offerings remains encouraging.

An electronic front end loan application was developed and rolled out, enhancing customer service. Over 220 full time financial services staff received intensive product and skills development training, further improving individual performance levels.

Capitalising on the existing JD Group store network, Peoples Bank will selectively extend its geographic representation while broadening the product range to include non-loan based products such as savings and investments.

In line with the start up phase, the building of critical mass and the adoption of conservative bad debt provisioning, a loss of R1 million was incurred during the review period, our share of which amounted to R0,5 million. With an expanded store base and product range, together with refinements to the current business model, we anticipate achieving an improvement in the position during the 2003 financial year.

Poland

Abra grew like on like sales by 8,6% and maintained margins, notwithstanding the contraction of the Polish economy. Many independent furniture retailers have closed their doors and Abra is now one of the largest furniture retailers in Poland. The economic woes in Poland have also brought about far more sober expectations by landlords. We are currently concluding leases at the projected rentals in our business plan.

We have established that our original vision for Poland was correct and offers huge opportunity for the Group. The performance of our newer stores confirms the potential of a business unit generating in excess of PLN500 million with a bottom line contribution of at least PLN25 million. This equates to R65 million at the current rate of exchange. With the increased store base, Abra will achieve the critical mass to support the infrastructural costs.

The format going forward will comprise three store sizes, 500 m^2, 600 m^2 and 700 m^2, with a total occupancy cost of PLN18 per m^2 for the smaller stores and a maximum of PLN30 per m^2 for the larger stores. These store sizes provide an appropriate rental to turnover ratio.

United Kingdom

BoConcept® was acquired by the Group in 2001 and now comprises six stores retailing Danish designed and manufactured furniture. A seventh store is opening this month. The business unit accounted for an operating loss of R21 million for the year. Total sales were R64 million.

Established stores are expected to more than double profits and those stores recently opened are expected to generate profits in the 2003 financial year.

Negotiations are under way for a further six stores. The fully fledged head office has a carrying capacity for a much larger business unit.

CORPORATE GOVERNANCE

The past year has seen the corporate world turn its attention more than ever towards matters of good corporate governance. Enhanced disclosure, as well as the very real need for the necessary checks and balances to be in place, is no longer a nice to have. This focus has almost surpassed the actual results being released. Given the very negative knock on effect of corporate failure, this focus is in no way misplaced. Furthermore, the need to reward those who add long term growth to shareholder value as opposed to allowing the executives of corporations to satisfy their own greed, thus ignoring sustainability of the organisation, requires very real governance.

JD Group, and the culture within the organisation, have from its inception 19 years ago, always had the integrity now being prescribed. Growth strategies adopted by some companies with no obvious sustainability should set the alarm bells ringing. Furthermore, and in no way passing blame for bad management, the definition of "investment" is long term by its very nature. All too often, short term thinking encourages management to do what is expected for the here and now rather than to develop strategies that focus on the long term well being of the organisation.

SOCIAL RESPONSIBILITY

The Group has, from its inception, recognised the need for private enterprise to play a meaningful role in the upliftment of those less fortunate members of society. While our focus has primarily been in the field of education, we have in more recent times been supportive of programmes addressing the needs of younger children and aids orphans.

Little Champs was introduced to Alexandra two years ago. This programme provides pre-schoolers with basic ball skills scientifically designed to enhance motor control and eye-hand co-ordination. At present, 500 children from 16 nursery schools are benefiting from this programme. In addition, there are smaller afternoon programmes designed to keep primary school children occupied in the afternoon.

The Topsy Foundation is a home for aids orphans, which provides a sanctuary for these children. We have committed resources to the "Adopt a Child" programme and we currently sponsor 35 children in a residence housing a total of 80 children. This facility has the potential to take care of up to 2 000 children.

In July 2001 we launched "The To Life Trust" to commemorate the Group's 18th birthday. Suppliers and friends of the Group have rallied to the cause. We have purchased a property adjoining Alexandra. It is envisaged that we will have at least ten homes of 150 m^2 each. Our vision is to accommodate destitute children in a home environment under the caring supervision of foster parents. It is hoped that the Lerato Love Home will be the forerunner to similar institutions around the country.

The Mitzvah School, founded 17 years ago, provides quality tutoring for students from Alexandra in their final year of schooling. The school caters for 50 students and has consistently produced a 100% pass rate. The Group's association with St Endas School dates back to its founding in 1985. A further 210 children of employees receive financial assistance for their studies.

OUR PEOPLE

Facing the realities of today requires a special breed of people. Casting aside the possibility of being accused of immodesty and without any fear of contradiction, I can safely say that there is no lacking in guts. The inherent values within the individuals do not allow us the luxury of "living a lie". We stand as one in our commitment to the achievement of excellence and at the same time making a positive difference within the communities we operate. I salute Mias Strauss and his team of executives for the exemplary way in which they have weathered the storm. I also want to thank our people within the Group for their commitment and support.

It is also incumbent upon me to acknowledge the very real contribution made by our non-executive directors. Their standing in the business world as well as in the community adds a lot of credibility to the executive management and to the Group as a whole.

Difficult times certainly test relationships. We have consistently dealt with all suppliers in an open and honest way. Our stated goal is to support those who enable us to prosper.

PROFURN

The decision of the Competition Tribunal is expected shortly with regard to the Profurn acquisition.

PROSPECTS

BoConcept® is in its start up phase; Abra is now ready to move ahead with confidence and what had to be done has been done in southern Africa. In time, our global strategy will provide JD Group stakeholders with the necessary currency hedge.

We have made an excellent start to the current year. Operating margins are expected to increase.

Huge strides have been achieved in securing our well being for the future. There is good reason to feel optimistic about the year ahead.

David Sussman
Executive Chairman

12 December 2002

JD's brand equity

Abra • BoConcept® • Bradlows • Electric Express • Joshua Doore • Price 'n Pride • Russells

Abra

magical interiors at the best prices

MAGICZNE WNĘTRZE ZA NAJLEPSZĄ CENĘ

22 stores in Poland

Established in 1990 and acquired in December 2000, Abra operates 22 (2001: 19) stores in major cities and towns in Poland, targeting the middle to lower mass market and offering an extensive range of furniture products.

EXECUTIVE MANAGEMENT:

KAZI JOJCZYK (48)
PhD
Merchandise and Property – 12*

KAZI BOROWICZ (41)
MSc
Finance, Administration and Logistics – 12*

PIOTR LISOWSKI (34)
MSc
Operations and Marketing – 9*

* years experience in retail

COLIN BRESLER (39)
Chief Executive Officer – 20*

OVERVIEW

Against a stagnant Polish economy, rising unemployment and negative growth in the furniture industry, Abra recorded a commendable like on like revenue growth of 8,6% and maintained margins.

Management identified that the occupancy cost and size of stores relative to turnover was excessive and is currently renegotiating terms with existing landlords. Going forward, store sizes will vary between 500 and 700 square metres with an appropriate rental cost to turnover. This new formula will be rolled out between FY2003 and FY2005, at which time the store base is expected to be 50.

OUTLOOK

With an increased store base, Abra will achieve the critical mass to support the infrastructural costs, including head office, systems, marketing and logistics. Management is confident that, with the revised model developed during the year, break even will be achieved in the short term, compared to a loss incurred during the year under review. By FY2005, operating profit is expected to be more than satisfactory.

Abra, being one of the largest furniture retailers in Poland, has established strong relationships with a rationalised supplier base which will ensure favourable terms of trade.

During the year, the staff complement increased to 365 (2001: 253). The benefits of ongoing training and development have underpinned steady growth in market share in Abra's areas of operations.

Operational review

BoConcept®
dedicated design

5 stores in the United Kingdom

Established in 1993, launched in the United Kingdom in 1999 and acquired by JD Group in 2001, BoConcept® retails Danish designed and manufactured furniture and accessories to the upper segment of the UK market.

POUL KRISTENSEN (48)
tt.sts (DK)
Chief Executive Officer – 10*

EXECUTIVE MANAGEMENT:

SUSIE KRISTENSEN (36)
cand.merc (DK)
Marketing – 10*

LINDA MANSON (53)
Finance – 21*

JAMIE KERNER (32)
Operations – 4*

* years experience in retail

OVERVIEW

Effective September 2001, JD Group acquired the master licence for BoConcept® retail stores throughout the United Kingdom, the first time such a licence has been granted for an entire market by Club8 Retail A/S, a subsidiary of Denka Holding A/S which is listed on the Copenhagen Stock Exchange.

BoConcept® expanded its store base from two to five during the year under review. A sixth store, in Glasgow, opened in November 2002 and the seventh, in Basingstoke, will be opened on 12 December 2002. Store openings are funded internally by BoConcept UK Ltd. The store rollout programme runs parallel to an intense brand building process.

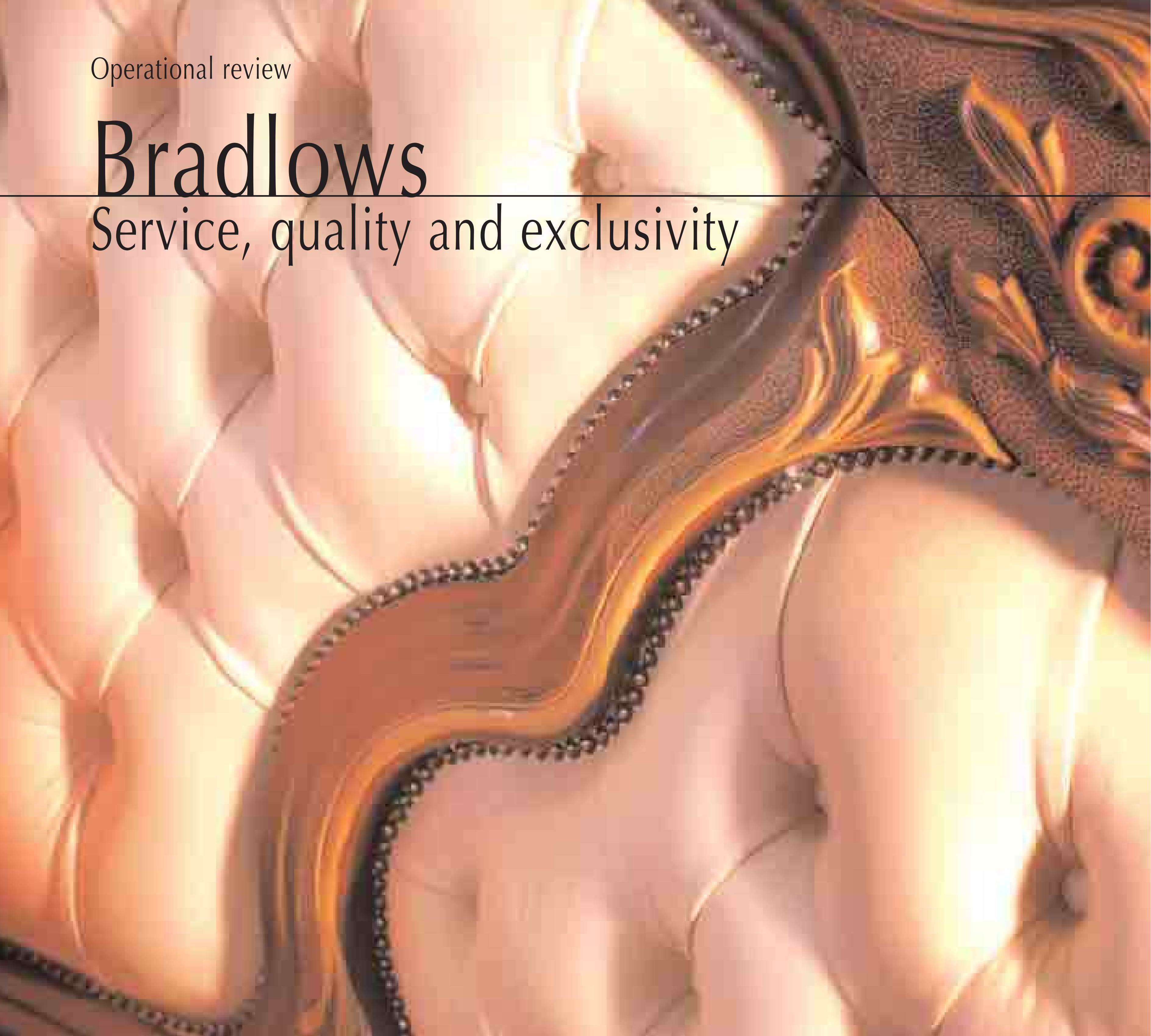
The established head office structure will support a much larger business unit.

OUTLOOK

In FY2003, the focus will be on building the BoConcept® brand and opening an additional six to eight stores in the United Kingdom. BoConcept® will capitalise on niche markets and the strength of its partnership with Club8. BoConcept® is budgeting to break even in FY2003.

Bradlows

Service, quality and exclusivity



BRADLOWS

THE BRADLOWS DIFFERENCE

93 stores countrywide

Established as a furniture retailer in 1903 and acquired in 1988. Bradlows enters its centenary year, and continues to appeal to the aspirational homemakers' market, offering branded appliances, home entertainment products and superior quality furniture on affordable terms through 93 (2001: 92) stores in major centres in South Africa, Botswana and Swaziland.

ARIE NEVEN (43)
Chief Executive Officer – 22*

EXECUTIVE MANAGEMENT:

RUDI BOEHME (61)
CIS
Operations – 31*

WILLIE VAN ZYL (39)
Debtors – 18*

MIKE SHIMMON (37)
Marketing – 6*

HERBIE LINDHORST (41)
Merchandise – 18*

SUE LEWIS (41)
IPM
Human Resources – 14*

ANDREW ROSS (36)
Logistics – 11*

* years experience in furniture retail

REVIEW

Bradlows was the recipient of JD Group's 2001 business unit of the year award. It recorded satisfactory results in the review period. The length of the receivables' book was reduced through effective credit control.

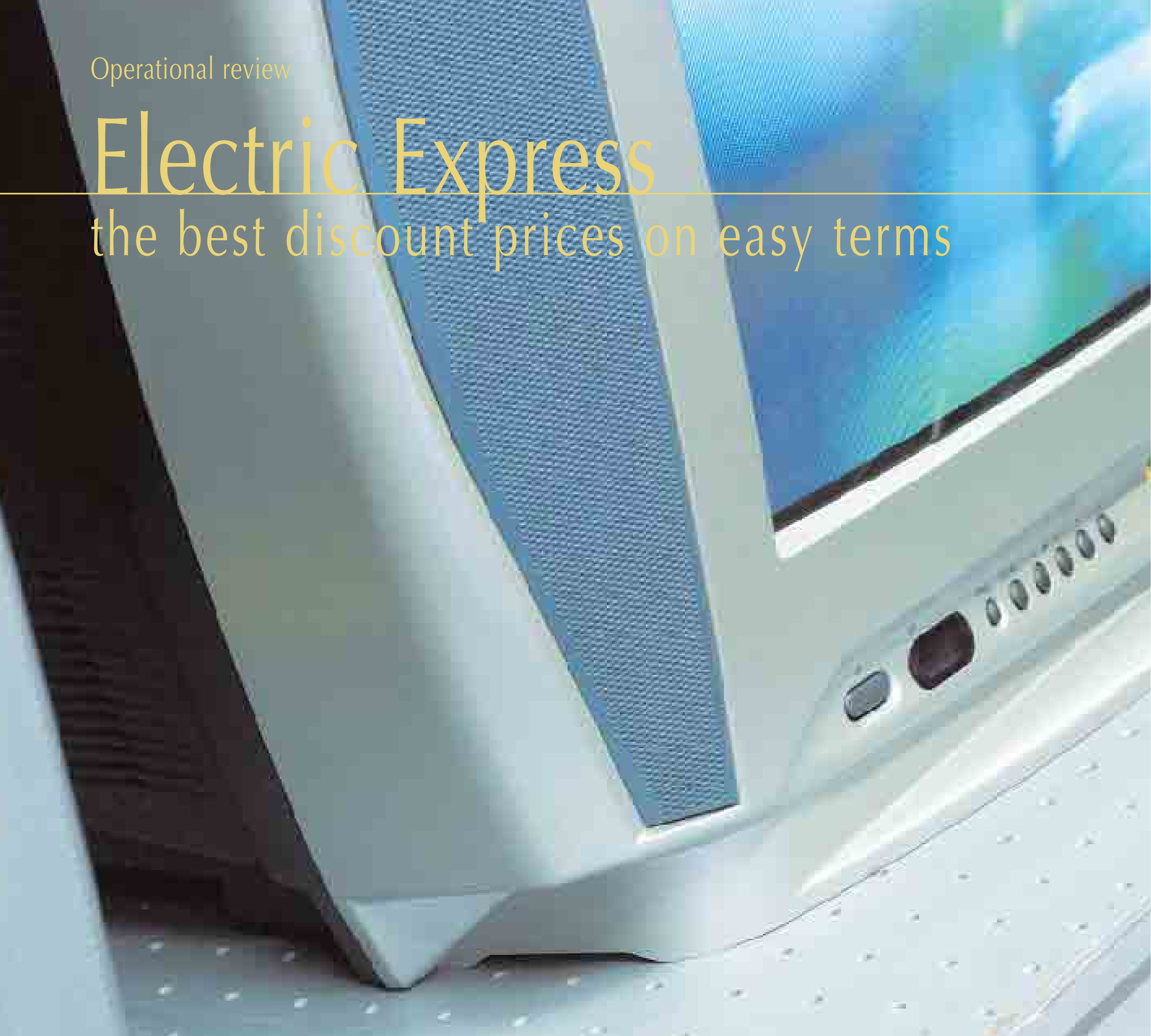
The focus on training and development of almost 1 500 people during the year under review, resulted in a multi-skilled workforce and relatively low labour turnover.

OUTLOOK

Bradlows will continue to focus on reducing cost structures while seeking organic growth opportunities in South Africa. The business unit will also concentrate on consolidating its relationships with suppliers and is projecting an increased contribution to Group results.

Electric Express

the best discount prices on easy terms



Giddys Electric Express WE'VE GOT THE POWER!

114 stores countrywide

EXECUTIVE MANAGEMENT:

IAN MCKAY (36)
Operations – 14*

CHARL DU PLESSIS (36)
BJuris
Debtors – 10*

ALEC GOODMAN (47)
Marketing and Merchandise – 26*

ROBIN VAN DER MERWE (48)
Human Resources – 13*

* years experience in furniture retail

BILL CHALMERS (51)
Chief Executive Officer – 12*

Established in 1958 and acquired in 1993, Electric Express specialises in household electrical appliances and home entertainment products through 114 (2001: 109) stores which offer professional expertise, exceptional customer service and the best discount prices, for cash or on easy terms.

REVIEW

Electric Express recorded acceptable operating profit for the year, reflecting the benefits of managing its receivables' book efficiently and continued improvements in productivity by its multi-skilled workforce. Effective marketing contributed to this performance.

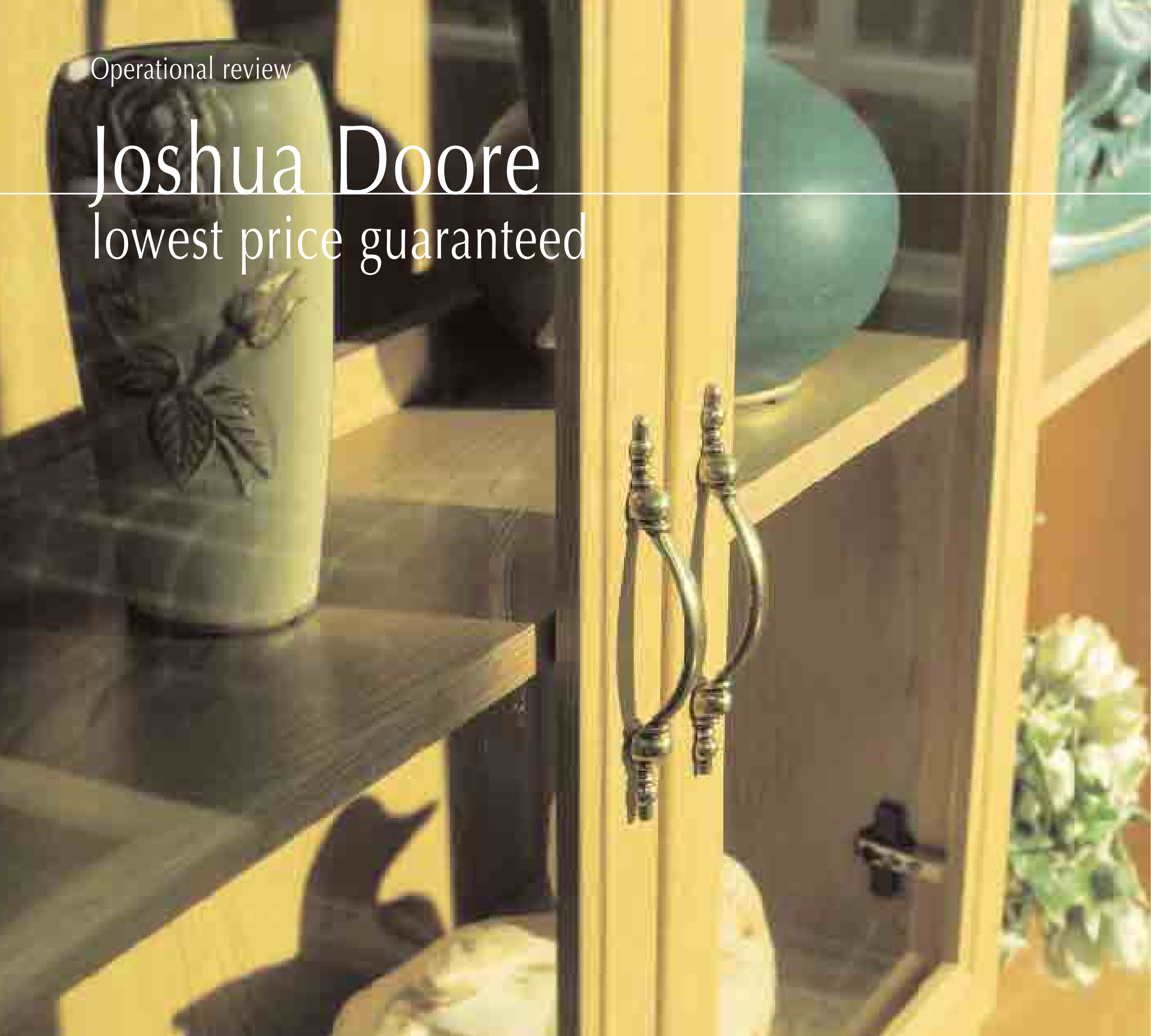
During the year under review middle management structures were revised. Most of the new appointments were made by internal promotions, reflecting the calibre of training and staff development.

OUTLOOK

Electric Express has rapidly achieved dominance in its market sector. Strong brand awareness is being built by innovative marketing resulting in the acquisition of new customers. Effective use of resources, both human and operational, will continue to improve efficiencies. Accordingly, Electric Express expects to record improved results in FY2003.

Joshua Doore

lowest price guaranteed



YOU'VE GOT AN UNCLE IN THE FURNITURE BUSINESS

146 stores countrywide

Established in 1973 and acquired in 1986, Joshua Doore is the largest furniture, appliances and home entertainment products discounter in South Africa and Namibia, with 146 (2001: 142) stores.

JAMES GIBSON (51)
Chief Executive Officer – 30*

EXECUTIVE MANAGEMENT:

FANIE VENTER (39)
Operations – 17*

JOHAN DELPORT (53)
Debtors – 33*

PETER DE BACKER (37)
Marketing – 17*

FRED DE JAGER (53)
Merchandise – 31*

BRIAN BICCARD (52)
Human Resources – 28*

ANDRE BARNARD (40)
Logistics – 18*

* years experience in furniture retail

REVIEW

Joshua Doore recorded a satisfactory trading result during the year. "You've got an uncle in the furniture business" stands proud as the best known brand in furniture retail. The combination of aggressive, focused marketing campaigns, stringent receivables' management and expense control all contributed to results.

Training and development of Joshua Doore's staff complement of over 2 300 is ongoing and the winning culture that prevails is an important element of its success.

OUTLOOK

Joshua Doore will continue to improve operational efficiencies, drive costs down and optimise supplier relationships. We remain close to our customers through ongoing research and will continue to focus on increasing our contribution to Group results.

Price 'n Pride

The pride of our people drives our business

121 stores countrywide

Established in 1983 as the founding chain in the Group and repositioned to cater for a more aspirational market. Price 'n Pride operates 121 (2001: 131) stores in urban and rural communities in South Africa and Lesotho, offering excellent service and affordable products to discerning customers.

EXECUTIVE MANAGEMENT:

PIERRE BOSHOFF (40)
Operations – 19*

PIETER LABUSCHAGNE (56)
Debtors – 26*

ANDREAS HINRICHSEN (46)
Marketing – 18*

LAURIE BARNARD (44)
Merchandise – 20*

DONNY MC CULLOCH (48)
Human Resources – 28*

* years experience in furniture retail

LEN RUNDLE (47)
BTech
Chief Executive Officer – 23*

REVIEW

Price 'n Pride was successfully transformed during the year under review to appeal to a higher universal LSM market, with wide ranging initiatives spanning store appearance, merchandising and credit procedures. This has resulted in a more balanced approach to the way the business operates. The marketing thrust will remain that of adding value with the merchandise range being upgraded to appeal to the aspirations of the new Price 'n Pride customer.

Risk assessment levels of authority were escalated resulting in an improved receivables' profile. This has manifested itself in the improved sales and receivables' performance emerging in the second half of the year.

The process of change was facilitated by focused implementation strategies and clear expectations of standards, a challenge met by the Price 'n Pride people with commendable dedication. Implementation was achieved via a joint initiative undertaken by management and organised labour, a first in this sector.

OUTLOOK

Price 'n Pride has demonstrated its ability to rejuvenate the brand thus creating an appealing destination store. As a result of the new trading formula having proved successful, the store base will be grown aggressively, which should result in a significant contribution to the Group results.

Russells

for quality and value

Russells

194 stores countrywide

WIETSKE VAN DER WESTHUIZEN (49)
Chief Executive Officer – 23*

EXECUTIVE MANAGEMENT:

PHILIP KRUGER (40)
BCom
Operations – 12*

RONNIE MOSTERT (49)
Operations – 28*

WIKUS LABUSCHAGNE (43)
Debtors – 23*

TOKKIE COMBRINK (60)
Debtors – 35*

KOBUS MINNAAR (49)
Marketing – 15*

PIETER SCHOEMAN (46)
Merchandise – 21*

PIETER MILLER (50)
Merchandise – 22*

BARRY DELL (47)
Human Resources – 8*

RENS VAN RENSBURG (52)
Logistics – 20*

* years experience in furniture retail

Established in 1943 and acquired in 1993, Russells operates 194 (2001: 191) stores in major cities and towns in South Africa. Russells offers quality furniture, branded appliances and home entertainment products on affordable terms.

REVIEW

Russells improved trading margins during the financial year. A focused, balanced approach to receivables and sales management enhanced market share growth.

Basic internal controls within Russells further improved as a result of extensive staff training and management development.

Operational excellence at all levels throughout Russells resulted in increased operational efficiencies.

OUTLOOK

Innovative marketing campaigns and an aggressive marketing approach will further enhance performance and improve market penetration. The balanced approach between sales generation and receivables' management will continue to improve profitability and ensure tight asset management resulting in positive returns and improved cash flow.

JD Group/Nedcor alliance

financial products to the people

EXECUTIVE MANAGEMENT:

BERNIE PLATTE (51)**
Chief Operating Officer – 31*

OKKIE MOMBERG (41)***
Finance and Administration – 17*

NEIL MCLEAN (46)***
Marketing – 29*

COLLEEN NAIDOO (34)**
Human Resources – 15*

** employed by Peoples Bank
*** seconded by JD Group to JDNA
* years experience in furniture retail/financial services

BRIAN DUGUID (41)**
CAIB (SA), FIBSA
Chief Executive Officer – 21*

182 points of presence countrywide

The pioneering alliance between JD Group and Nedcor is expanding the range of financial products available to customers through Peoples Bank points of presence in selected JD Group stores. The alliance provides the emerging market with responsible, accessible and convenient banking.

REVIEW

In line with the start up phase, building of critical mass and the adoption of conservative bad debt provisioning, losses were incurred during the review period.

In its first full year of trading, the Peoples Bank alliance made significant progress, increasing points of presence to 182 (2001: 106) in selected Bradlows, Russells, Joshua Doore and Price 'n Pride stores. Peoples Bank also piloted its first full service in-store outlet during the year.

Loans granted increased almost tenfold to R228 million for the year. A selected range of Old Mutual insurance products offers customers funeral, savings and education plans.

An electronic front end loan application was developed and rolled out, enhancing customer service. Over 220 full time financial services staff (2001: 129) received intensive product and skills development training, further improving individual performance levels.

OUTLOOK

Capitalising on the existing JD store network, Peoples Bank will selectively extend its geographic representation while broadening the product range to include non-loan based products such as savings and investments. With an expanded distribution base and product range, together with refinements to the business model, we anticipate to break even during FY2003.

JD's brand equity

Abra • BoConcept® • Bradlows • Electric Express • Joshua Doore • Price 'n Pride • Russells


Dick Behrens
Clive Dicks
Pieter Pienaar
Fred Ginsberg
Melvyn Jaye
Leslie van Doesburgh
Lindsay Mentor
Ian Child
Providing
the backbone
for a business
that keeps on growing
Leoni Field
André Maré

CORPORATE SERVICE DEPARTMENT HEADS:

MELVYN JAYE (57)
Group Company Secretary – 39*

IAN CHILD (44)
IT and Communications – 17*

LESLIE VAN DOESBURGH (46)
Group Business Unit Finance – 26*

LEONI FIELD (38)
Group Marketing – 16*

DICK BEHRENS (62)
Credit and Administration – 43*

CLIVE DICKS (57)
Fleet Management – 39*

ANDRÉ MARÉ (50)
Property Services – 28*

FRED GINSBERG (55)
Group Merchandising – 35*

PIETER PIENAAR (33)
Internal Audit – 11*

LINDSAY MENTOR (42)
Group Human Resources – 14*

** Years experience in field of expertise*

Finance and secretarial services

LESLIE VAN DOESBURGH (46)
BCompt
Group Business Unit Finance Executive – 26*

MELVYN JAYE (57)
CA(SA)
Group Company Secretary – 39*

ROELOF CORNELISSEN (31)
BCom (Hons), CA(SA)
Finance Executive – 9*

LUCIA HEFER (38)
BCom (Hons)
Finance Executive – 17*

RIEKIE SUSINI (39)
Finance Executive – 16*

Responsible for the financial accounting, reporting and statutory corporate secretarial functions of the Group.

REVIEW

The introduction of new, synchronised technology has enhanced management reporting, enabling the department to provide proactive and meaningful financial management information for end users.

During the year, UK operations were consolidated into the reporting structures of this department, thereby enhancing its capability and capacity.

Training and development, internal and external, was conducted for all 79 staff members and included technology training and skills development in proactive analysis of information.

OUTLOOK

New web based systems will enable the department to deliver a more cost effective, integrated service, increasing speed and accuracy and enabling more efficient data mining for management information.

** Years experience in finance/banking/auditing*

Internal audit

PIETER PIENAAR (33)
BCom
Internal Audit Executive – 11*

Comprises a direct audit services division, a centralised audit function and a special audit services division, staffed by 50 auditors with an appropriate balance of operational and audit experience.

REVIEW

Over 1 100 audits were conducted during the year by our multi-skilled department of auditors, entrenching the Group's internal audit function at the forefront of its field.

Special audit services, working closely with our insurance broker, has improved loss control throughout the Group, using technology to ensure that the database is supplemented with reliable, relevant information for proactive management.

The added value provided by internal audit resulted in it being awarded service department of the year in 2001 once again, highlighting the strength of its relationships with Group business units.

OUTLOOK

The blend of operational and audit experience in the department has cultivated an important pool of future management skills for the Group. This will be supplemented by tailored training and development and the innovative use of sophisticated technology.

Internal audit services will be expanded in the Group's offshore operations, adding value and strengthening relationships to ensure informed decision making.

** Years experience in retail/auditing*

Property services

ANDRÉ MARÉ (50)
Property Services Executive – 28*

ETIENNE DU PLESSIS (52)
Bluris LLB
Property Leases and Administration Executive – 27*

Manages property negotiations, project and shop fitting management, lease administration and related legal aspects, for all Group stores.

REVIEW

Given that occupancy costs are one of the Group's largest operating expenses, the department uses its comprehensive knowledge of the market and its research to negotiate keen market related leases.

During the year, 16 (21) new stores were opened, 26 (22) relocated, 51 (94) refurbished and 5 (77) converted to other brands.

By establishing mutually beneficial relationships with landlords, service suppliers and developers, the department has successfully relocated stores to more favourable trading areas where opportunities for higher returns exist.

OUTLOOK

In the new financial year, the department will leverage its expertise, contributing to improved Group profitability through significant long term savings in rental and store costs.

** Years experience in furniture retail/property*

Marketing and merchandise

FRED GINSBERG (55)
Group Merchandising Executive – 35*

LEONI FIELD (38)
Group Marketing Executive – 16*

Co-ordinates the merchandising and marketing functions in the Group and controls the Group's loyalty clubs, customer statements, research and below-the-line marketing.

REVIEW

Group marketing is tasked to constantly re-evaluate processes and proactively develop opportunities. During the year under review, the consolidation of Group customer statements, reduced costs and increased the marketing impact. In addition, corporate identity manuals were produced for all brands. Its highly successful below-the-line strategy, developed to generate savings by keeping the cost to sales ratio well below normal, generated a return on investment and attracted new customers to the Group. We were recipients of Multiple Assegai awards from the Direct Marketing Association, a first for the furniture retail industry for strategy, creativity and return on investment.

Group merchandising introduced business-to-business electronic order processing and virtual warehousing, which has reduced paper flow. The close involvement of buyers with suppliers, around the globe, ensures the Group remains at the forefront of retail trends. By continually seeking exclusivity of merchandise the department contributes to market share gains in static or shrinking markets.

OUTLOOK

Group marketing will continue to contribute to market share growth by using innovative strategies and research. We will use appropriate technology to continually improve efficiencies, raise brand awareness and attract new customers.

Group merchandising, in meeting the challenge of achieving sales growth, will focus on optimising unit sales and selling prices, ultimately maximising gross profit levels.

** Years experience in retail*

Human resources

LINDSAY MENTOR (42)
IPM Dip CPIR
Group Human Resources Executive – 14*

CHRISTINE GROBLER (35)
BA (Hons)
Group Employee Relations Executive – 17*

RÉNIER KRIGE (35)
BCom SMP
Group Training and Development Executive – 13*

Responsible for training and development, employee relations, remuneration administration and employee benefits. The department enhances operational performance by aligning people management related policies, procedures and standards with Group, industry and sector best practice.

REVIEW

During the year under review, three new training programmes were launched, spanning receivables' management, cash flow and project management. The benefits will be realised in FY2003. Several policies were revised, including remuneration. Competency based management learning at all levels was re-engineered and technical self help training in branches further improved. A comprehensive Group HIV/AIDS policy was introduced.

Affordable medical aid benefits were extended to even more Group employees. A two year wage and working conditions agreement was concluded with organised labour and a joint industrial relations training programme is being developed. As an accredited training provider, the Group is recouping from the Wholesale and Retail Sector Education and Training Authority, all recoverable skills development levies paid to the Department of Labour.

At industry level, the Group is driving the establishment of new sectoral legislation by working with the government and organised labour.

OUTLOOK

JD Group has met and exceeded its employment equity targets. The department has developed a leadership programme to meet equity targets at management level, a training initiative for people with disabilities and sector specific learnerships. The introduction of these programmes and initiatives will reinforce the Group's status as the most respected and influential employer in the industry.

** Years experience in human resources*

Information technology and communications

IAN CHILD (44)
BCom (Hons) BAcc CA(SA)
IT and Communications Executive – 17*

JOHN ANDREWS (53)
Information Systems Executive – 23*

LEON STEENKAMP (43)
Systems Operations Executive – 20*

Both the business units' operational and MIS needs are supported by the department via the rigorous application of a formal information architecture, software quality assurance and a process of continuous improvement within the information system operation.

REVIEW

The integration of the existing branch processing system into PeopleSoft is nearing completion. This will allow for a centralised view of operational data and provides the platform for the BI (business intelligence) implementation.

The introduction of electronic debit orders was well received by our customers. CS Holdings was appointed as desktop partner to provide a range of value added services. In accordance with the philosophy of continuous improvement, higher service level agreements were negotiated with vendors.

OUTLOOK

Following the successful integration of the current branch processing system into PeopleSoft, a web based user interface will be developed and deployed to all branches by way of an Enterprise Portal. This will enable us to provide a single view into the organisation's applications for all users.

Following the completion of the analysis of the required BI to support the Group's strategic goals, implementation will be rolled out through the Group.

** Years experience in furniture retail/IT*

Credit and administration

DICK BEHRENS (62)
Group Credit and Administration Executive – 43*

Ensures that Group credit management strategies, policies and procedures relating to receivables are conceptually sound and observed in all operations.

REVIEW

The Group has proactively reacted to the risk dynamics of the current consumer credit environment in southern Africa. This has critically reviewed the Group's risk assessment strategies, without stifling the marketing orientation of the business.

Risk authority levels have been tightened and new credit application scoring and processing methodologies are being developed, using leading edge principles under the guidance of acknowledged world class expertise. Behavioural analysis processes are being developed to segment the Group's delinquent customers according to their "likelihood to pay". These processes will be constantly monitored, reinforced, revised and supported by carefully devised BI.

Stringent focus on sound credit management, administration and governance are aimed at enhancing the quality of the receivables' book.

OUTLOOK

The department will continue to review automated credit risk assessment technology and policies to enhance customer service, maximise collections, and minimise bad debts.

** Years experience in furniture retail/IT*

Fleet management and logistics

CLIVE DICKS (57)
Group Fleet Management Executive – 39*

Manages the procurement of new vehicles and disposal of old vehicles as well as the maintenance, administration and insurance of a fleet of 1 500 vehicles.

REVIEW

The introduction of satellite tracking for the fleet provides protection for both crew and goods in transit and is an effective tool for cost efficient scheduling and routing. Results to date have been most encouraging. We redefined the platform of cardless refuelling, enhancing control of fleet economics.

Through training and development, driving and maintenance standards are continually improved. The benefits of our investment in fleet systems and a strong relationship with our insurers are now being realised.

OUTLOOK

We are committed to world class fleet management, and will capitalise on all opportunities that contribute to cost savings and improved efficiencies.

** Years experience in retail/financial services/consulting*

Eight year review

		12 months 31 August 2002	12 months 31 August 2001	Proforma 12 months 31 August 2000	14 months 31 August 2000	12 months 30 June 1999	1998	1997	1996	1995
SHARE PERFORMANCE										
Total shares in issue	000	**112 730**	112 609	111 651	111 651	110 350	108 245	106 525	104 476	102 766
Weighted average number of shares in issue	000	**112 709**	112 123	111 085	110 980	109 124	107 101	105 286	103 456	102 069
Headline earnings per share	cents	**225,2**	351,2	293,7	300,0	242,6	184,3	136,5	118,0	85,3
Cash equivalent dividends per share	cents	**56,0**	94,0	78,0	78,0	65,0	62,0	51,0	43,0	33,0
Dividend cover	times	**3,8**	2,6	3,8	3,9	3,7	3,0	2,7	2,8	2,7
Net asset value per share	cents	**1 723,9**	1 705,1	1 541,5	1 541,5	1 297,6	1 086,3	919,4	801,6	701,5
PROFITABILITY, LIQUIDITY AND GEARING										
Revenue	Rm	**4 083**	3 788	3 429	3 928	3 016	2 896	2 726	2 479	2 205
Operating income	Rm	**418**	657	544	565	407	387	323	296	226
Income before finance costs	Rm	**429**	665	551	572	407	387	323	296	226
Income attributable to shareholders	Rm	**241**	275	327	335	265	199	147	124	90
Closing shareholders' equity	Rm	**1 943**	1 920	1 721	1 721	1 431	1 175	979	837	720
Average shareholders' equity	Rm	**1 932**	1 821	1 576	1 576	1 303	1 077	908	779	681
Net interest bearing debt	Rm	**1 048**	802	709	709	457	412	393	492	580
Average total assets less non-interest bearing debt	Rm	**3 567**	3 252	2 510	2 510	2 055	1 797	1 644	1 553	1 385
Total assets	Rm	**4 253**	4 539	3 510	3 510	2 711	2 486	2 227	2 190	1 998
Operating margin	%	**10,2**	17,3	15,9	14,4	13,5	13,4	11,9	11,9	10,2
Income attributable to shareholders on revenue	%	**5,9**	7,3	9,6	8,5	8,8	6,9	5,4	5,0	4,1
Return on closing shareholders' equity	%	**12,4**	14,3	19,1	19,5	18,5	16,9	15,0	14,8	12,4
Return on average shareholders' equity	%	**12,5**	15,1	20,8	21,2	20,4	18,5	16,1	15,9	13,1
Return on assets managed	%	**12,0**	20,4	22,0	22,8	19,8	21,6	19,6	19,0	16,3
Interest cover	times	**3,3**	6,6	7,1	6,5	5,5	6,1	3,9	3,3	3,1
Gearing ratio	%	**53,9**	41,8	41,2	41,2	31,9	35,1	40,1	58,7	80,4
Current ratio	: 1	**4,0**	4,1	4,8	4,8	5,0	4,1	3,8	3,4	3,5
Shareholders' equity to total assets	%	**45,7**	42,3	49,0	49,0	52,8	47,3	44,0	38,2	36,1
PRODUCTIVITY										
Number of stores		**695**	684	671	671	678	628	558	547	523
Revenue per store	R000	**5 875**	5 538	5 111	5 855	4 449	4 612	4 886	4 533	4 216
Number of employees		**10 064**	9 984	9 704	9 704	9 613	9 732	9 808	9 669	9 806
Revenue per employee	R000	**406**	379	353	405	314	298	278	256	225
STOCK EXCHANGE PERFORMANCE										
Closing share price	cents	**1 675**	4 050	4 860	4 860	3 690	3 990	2 800	2 350	1 450
Number of shares traded	000	**56 740**	53 420	64 900	69 142	41 561	31 172	18 251	13 887	9 565
Value of shares traded	Rm	**1 466**	2 107	2 866	3 021	1 349	1 202	454	283	134
Volume traded as % of issued shares	%	**50,3**	47,4	58,1	61,9	37,7	28,8	17,1	13,3	13,3
Market value per share										
– high	cents	**4 060**	4 905	5 500	5 500	4 400	5 480	3 025	2 550	1 600
– low	cents	**1 300**	2 990	3 100	3 100	1 650	2 800	2 050	1 375	1 125

All ratios have been calculated using amounts in rand as opposed to Rm.
The comparative figures have not been restated for the change in accounting policy on the adoption of IAS 39.

Rm	12 months 31 August 2002	12 months 31 August 2001	Proforma 12 months 31 August 2000	14 months 31 August 2000	12 months 30 June 1999	1998	1997	1996	1995
INCOME STATEMENTS									
Revenue	4 083	3 788	3 429	3 928	3 016	2 896	2 726	2 479	2 205
Cost of sales	1 706	1 530	1 342	1 541	1 198	1 170	1 170	1 102	972
Operating income	418	657	544	565	407	387	323	296	226
Investment income	11	8	7	7	–	–	–	–	–
Income before finance costs	429	665	551	572	407	387	323	296	226
Finance costs	130	101	78	88	74	63	83	89	72
Income before exceptional item	299	564	473	484	333	324	240	207	154
Exceptional item: loss on discontinuance	–	167	–	–	–	–	–	–	–
Income before taxation	299	397	473	484	333	324	240	207	154
Taxation	60	123	146	149	68	125	93	83	64
Income after taxation	239	274	327	335	265	199	147	124	90
Attributable to outside shareholders	2	1	–	–	–	–	–	–	–
Income attributable to shareholders	241	275	327	335	265	199	147	124	90
BALANCE SHEETS									
Assets									
Non-current assets	355	269	224	224	99	108	129	172	199
Property, plant and equipment	144	127	109	109	104	96	98	105	104
Goodwill	54	6	–	–	–	–	22	46	71
Share incentive trusts	10	10	13	13	(6)	12	9	21	24
Investments	110	110	102	102	1	–	–	–	–
Deferred taxation	37	16	–	–	–	–	–	–	–
Current assets	3 898	4 270	3 286	3 286	2 612	2 378	2 098	2 018	1 799
Inventories	427	359	354	354	341	309	310	280	261
Accounts receivable	3 231	3 255	2 882	2 882	2 240	2 024	1 754	1 689	1 498
Financial assets	13	–	–	–	–	–	–	–	–
Taxation	5	1	9	9	1	10	–	10	5
Bank balances and cash	222	655	41	41	30	35	34	39	35
Total assets	4 253	4 539	3 510	3 510	2 711	2 486	2 227	2 190	1 998
Equity and liabilities									
Equity and reserves									
Share capital and premium	782	781	762	762	727	666	608	563	530
Non-distributable reserve	24	4	–	–	–	–	–	–	–
Retained income	1 112	1 093	924	924	676	481	349	256	177
Shareholders for dividend	25	42	35	35	28	28	22	18	13
Shareholders' equity	1 943	1 920	1 721	1 721	1 431	1 175	979	837	720
Outside shareholders' interest	21	(1)	–	–	–	–	–	–	–
Non-current liabilities	1 310	1 577	1 106	1 106	760	736	692	760	767
Interest bearing long term liabilities	1 049	1 261	750	750	485	443	420	519	606
Deferred taxation	261	316	356	356	275	293	272	241	161
Current liabilities	979	1 043	683	683	520	575	556	593	511
Non-interest bearing	745	722	679	679	470	508	498	581	502
Interest bearing	219	192	–	–	2	4	7	12	9
Financial liabilities	11	–	–	–	–	–	–	–	–
Taxation	2	125	4	4	48	63	51	–	–
Bank overdraft	2	4	–	–	–	–	–	–	–
Total equity and liabilities	4 253	4 539	3 510	3 510	2 711	2 486	2 227	2 190	1 998

Group value added statement

	2002 Rm	2002 %	2001 Rm	2001 %
Revenue	**4 083**		3 788	
Investment income	**11**		8	
Interest received	**46**		12	
	4 140		3 808	
Cost of merchandise, services and expenses	**2 892**		2 593	
VALUE ADDED	**1 248**	**100,0**	1 215	100,0
Distributed as follows:				
Employees				
Salaries, commissions and other benefits	**700**	**56,1**	639	52,6
Government				
Taxation, assessment rates and regional services council levies	**82**	**6,6**	188	15,5
Providers of capital	**239**	**19,1**	219	18,0
Distribution to shareholders	**63**	**5,0**	106	8,7
Finance costs	**176**	**14,1**	113	9,3
Reinvestment in the Group	**227**	**18,2**	169	13,9
To provide for depreciation	**57**	**4,6**	51	4,2
To provide for deferred taxation	**(8)**	**(0,6)**	(51)	(4,2)
Reinvested for expansion	**178**	**14,2**	169	13,9
	1 248	**100,0**	1 215	100,0

STATEMENT OF MONEY EXCHANGES WITH GOVERNMENT

	2002 Rm	2001 Rm
Assessment rates and taxes	**7**	7
Company taxes	**68**	174
Employees' tax deducted from remuneration paid	**91**	96
Net value added tax and general sales tax collected	**37**	75
Regional services council levies	**7**	7
	210	359

Value added is the amount of wealth the Group has created by purchasing and selling its merchandise. The statement above shows how this wealth has been distributed. The calculation takes into account the amounts retained and reinvested in the Group for the replacement of assets and development of operations.

Corporate governance

1. BUSINESS MODEL

JD Group's business model consists of five business units and the JD Group/Nedcor alliance, trading within southern Africa; the Abra business unit trading in Poland; the BoConcept® business unit trading in the United Kingdom; and support services provided by eight corporate service departments.

The directors are of the opinion that the business model in place is balanced and sound, and provides a solid platform for continued growth. The directors are nevertheless aware of the changing dynamics of the industry and will modify Group strategy and models from time to time in accordance with changing circumstances.

2. ENDORSEMENT OF KING II

JD Group remains fully committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business. We endorse the principles of integrity and accountability advocated by the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance 2002 ("King II"). In all dealings we strive to ensure that the interests of stakeholders are foremost in our decisions and that they are fully informed of the process.

We have long recognised that good corporate governance is essentially about leadership and there exists the need to conduct the enterprise with integrity and in compliance with best international practices, whilst taking cognisance of the value systems of the countries in which we operate.

3. CORPORATE CODE OF CONDUCT

JD Group has adopted a code of ethics committing itself to:

- the highest standards of integrity and behaviour in all our dealings with stakeholders and society at large;
- conducting business through fair commercial competitive practices;
- trading with suppliers who subscribe to ethical business practices;
- non-discriminatory employment practices and the promotion of employees to realise their potential through training and development of their skills; and
- being proactive towards environmental, social and sustainability issues.

A Group ethical trading policy covering safety, quality, legal, environmental and social matters is being developed to set out required standards for suppliers of goods and services.

It is the Group's aim, wherever possible, to procure products from suppliers who operate established environmental policies based on relevant legal requirements of the countries in which they operate.

4. CHAIRMAN AND BOARD OF DIRECTORS

Chairman

The executive chairman is David Sussman. The board delegates to the chairman responsibility for ensuring the effectiveness of governance practices. He leads the board and is responsible for representing the board to shareholders.

Board

The board consists of ten directors of whom five are non-executive directors. The board considers Mervyn King, Len Konar, Maureen Lock and Martin Shaw as independent, non-executive directors, as defined in King II.

The primary responsibilities of the board include regular review of the strategic direction of investment decisions and performance against approved plans, budgets and best practice standards. The board retains full and effective control over the Group and decisions on material matters are reserved by the board, materiality being defined in delegated authorities regarding matters such as capital expenditure, goods and services procurement, property transactions, borrowings and investments.

The board meets at least quarterly and more frequently, if circumstances or decisions require. During the year under review the board held four normal and three special meetings, called at short notice to make urgent decisions on events regarding the possible rationalisation of the industry. The meetings were attended as follows:

	Ordinary	Special
I D Sussman	4	3
H C Strauss	4	2
J L Bezuidenhout	4	3
N W E Thomson	4	3
G Völkel	4	3
M E King	3	2
D Konar	4	3
I S Levy	4	3
M Lock (non-resident)	2	–
M J Shaw	4	1

Two senior executives, namely Johan Kok, chief operating officer, and Mark Richards, strategy and new business development executive, attend all board meetings by invitation.

Meetings are conducted in accordance with formal agendas, ensuring that all substantive matters are properly addressed. Standing subcommittees of the JD Group board and of the JDG Trading (Pty) Ltd board have been appointed, details of which are set out in this report, while *ad hoc* subcommittees are created as and when necessary.

The chairman sets the agenda for each meeting in consultation with the managing director and company secretary. Any director may request that additional matters be added to the agenda. Copies of board papers are circulated to the directors in advance of the meetings.

Mias Strauss, the Group managing director, takes full responsibility for all operations.

There is a clear division between the responsibilities of the board and management.

The non-executive directors take responsibility for ensuring that the chair encourages proper deliberation of all matters requiring the board's

Corporate governance (continued)

attention. The board ensures that there is an appropriate balance of power and authority on the board so that no one individual or block of individuals can dominate the board's decision making process.

The entire board was involved in the process of nomination, selection and appointment of directors until the establishment of a separate nominations committee in 2002. Directors are appointed on the basis of skill, acumen, experience and level of contribution to and impact on the activities of the Group. Non-executive directors contribute an unfettered and independent view on matters considered by the board and enjoy significant influence in deliberations at meetings. All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in the proceedings at board meetings. The non-executive directors have no fixed term of office, while executive directors have entered into service contracts whose term coincides with that applicable to the Sustein Management (Pty) Ltd management agreement, initially five years and thereafter renewable on an annual basis.

The board and its committees are supplied with full and timely information which enables them to discharge their responsibilities. They have unrestricted access to all Group information. Non-executive directors have access to management and may even meet separately with management, without the executive directors being present.

Some of the non-executive directors hold directorships or executive positions in companies with which JD Group has commercial relationships. The board has considered all these relationships and does not consider that any relationships compromise the independence of the directors concerned.

All directors are entitled, at the Group's expense, to seek independent professional advice about the affairs of the Group regarding the execution of their duties, if such expertise is required.

One third of the directors are subject, by rotation, to retirement and re-election by shareholders in terms of the Company's articles of association. In addition, all directors are subject to election by shareholders at the first annual general meeting after their initial appointment.

5. INTERESTS IN CONTRACTS

During the year under review, none of the directors had a significant interest in any contract or arrangement entered into by the Company or its subsidiaries.

6. COMPANY SECRETARY

The company secretary is Melvyn Jaye. The appointment and removal of the company secretary is a matter for the board. The company secretary advises the board on the appropriate procedures for the management of meetings and the implementation of governance procedures. All directors have access to his advice and services.

7. BOARD COMMITTEES

Specific responsibilities have been delegated to board committees with defined terms of reference. The major management and board committees are diagrammatically illustrated on page 59.

8. JDG TRADING (PTY) LTD BOARD

JDG Trading is the wholly owned South African trading company of JD Group.

The board of JDG Trading consists of the five executive directors of JD Group, David Sussman, Mias Strauss, Jan Bezuidenhout, Niall Thomson and Gerald Völkel; four senior executives, Johan Kok, Mark Richards, Athol Beeforth and Vivian Horn; the CEOs of each of the business units trading in southern Africa and the heads of all the corporate service departments. Meetings are chaired by either David or Mias. JDG Trading meets formally on a quarterly basis and informally on an *ad hoc* basis.

The directors are individually mandated, empowered and held accountable for implementing the strategies and key policies determined by the JD Group board; managing and monitoring the business and affairs of the organisation in accordance with approved business plans and budgets; prioritising the allocation of capital and other resources and establishing best management and operating practices. Structured management succession planning, for purposes of identifying, developing and advancing of future leaders in the Group, is an important element in the managing process.

8.1 Business unit and service department meetings

The business unit CEOs, Bill Chalmers, James Gibson, Arie Neven, Len Rundle and Wietske van der Westhuizen, and heads of the corporate service departments, Dick Behrens, Ian Child, Clive Dicks, Leoni Field, Fred Ginsberg, André Maré, Lindsay Mentor, Pieter Pienaar and Leslie van Doesburgh, act as chairmen of either business unit or corporate service department meetings held on a monthly basis. The executive management teams of the business units and corporate service departments, respectively, attend these meetings.

8.2 Risk management executive committee

The risk management executive committee comprises Mark Richards (chairman), Dick Behrens, Ian Child, Johan Kok, Lindsay Mentor, Pieter Pienaar, Mias Strauss, Niall Thomson and Gerald Völkel. The purpose of this committee is to identify and review the risks presented by the Group's local and offshore operations and corporate service departments from the Group's perspective and to rate them in terms of probability and impact. This committee meets on a quarterly basis. It reports to the Group risk management committee and to the JDG Trading board.

8.3 Group projects committee

The Group projects committee (formerly known as the IT steering committee) comprises Mark Richards (chairman), John Andrews, Dick Behrens, Ian Child, Joey Kok, Johan Kok, Lindsay Mentor, Leon Steenkamp, Mias Strauss, Niall Thomson and Gerald Völkel. The purpose of this committee is to review and monitor projects in progress and major IT and business intelligence issues which are common to all business units and corporate service departments. The issues covered include the new data processing project, receivables value chain re-engineering, leadership development and information security. The committee meets on a monthly basis.

Information technology

A strategic business goal formulated by senior executive management reads as follows:

"To develop and implement an open user friendly information technology platform catering for a smooth risk free transition from the current environment to interactive, flexible and cost effective technology, satisfying JD Group's current and future needs as a retail and financial services organisation globally."

In terms of this strategic business goal, following national and international research, PeopleSoft was chosen as the vendor to implement a new centralised architecture, built on re-usable components known internally as Simple Intuitive New Application. The implementation process commenced in August 2001 and is expected to be completed in December 2003. In order to control the risk of implementation, a phased approach was taken. Integrating the old system with the new will be followed by a switchover, branch by branch, from Ceres to PeopleSoft.

8.4 Operations executive committee

The operations executive committee comprises Johan Kok (chairman), Athol Beeforth, Dick Behrens, Bill Chalmers, James Gibson, Vivian Horn, Lindsay Mentor, Arie Neven, Len Rundle and Wietske van der Westhuizen. Mias Strauss attends meetings by invitation. The purpose of this committee is to review and monitor operational issues which affect the business units, credit and administration department and other corporate services departments. This committee meets on a monthly basis.

8.5 Employment equity and skills retention committee

The employment equity and skills retention committee comprises Lindsay Mentor (chairman) and six employees who represent the interests of employees in each of the Group's defined levels of employment grades.

The purpose of this committee is to:

- provide for skills development within the Group in order to assist in achieving operational goals and to build a representative work force;
- consult with, recommend and assist the Group to comply with the implementation of skills development strategies in the workplace, as required by legislation; and
- consult with, recommend and assist the Group to comply with its obligations to take steps to promote equal opportunity in the workplace, by eliminating unfair discrimination in any employment policy or practice in terms of the Employment Equity Act.

8.6 Abra, BoConcept® and JD Group/Nedcor alliance boards

The management board of Abra in Poland, the board of BoConcept® in the United Kingdom and the advisory board of the JD Group/Nedcor alliance (JDNA) carry out the same functions as the JDG Trading board.

The supervisory board of Abra includes David Sussman (chairman), Mias Strauss, Mark Richards, Jan Bezuidenhout and Fred Ginsberg.

The BoConcept UK Limited board consists of David Sussman (chairman), Jan Bezuidenhout, Mark Richards, Mias Strauss and Poul Kristensen.

The JDNA advisory board consists of Mias Strauss (chairman), David Sussman and Jan Bezuidenhout representing JD Group, and Nedcor appointees.

9. AUDIT COMMITTEE

The audit committee is a subcommittee of the board and comprises Mervyn King (chairman), Len Konar and Martin Shaw, all of whom are independent non-executive directors. David Sussman, Mias Strauss, Jan Bezuidenhout, Gerald Völkel, Mark Richards, Leslie van Doesburgh and Pieter Pienaar attend meetings by invitation. The audit committee meets formally at least three times per annum to consider financial reporting issues and to advise the board on a range of matters, including corporate governance practices, internal control policies and procedures, and internal and external audit management. The external auditors attend the formal committee meetings and also have unrestricted informal access to the chairman of the audit committee. The audit committee is satisfied that the independence of the external auditors is not compromised by the present scale of non-audit related fees paid to them.

Through the audit committee, the board regularly reviews processes and procedures to ensure the effectiveness of internal systems of control so that its decision making capability and the accuracy of its reporting is maintained at a high level at all times. The board, furthermore, identifies and monitors the non-financial aspects relevant to the businesses of the Group and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative performance factors.

10. REMUNERATION COMMITTEE

The remuneration committee is a subcommittee of the board and comprises four non-executive members, Ivan Levy (chairman), Mervyn King, Len Konar, Martin Shaw and David Sussman. Its main responsibility is to review and approve the remuneration and employment terms of executive directors and senior Group executives. Two meetings of the committee are scheduled annually, with *ad hoc* meetings convened as and when required.

Corporate governance (continued)

Nine executives are employed by Sustein Management as disclosed on page 21. In terms of the management agreement between JD Group, JDG Trading and Sustein Management, a fee is paid by JDG Trading to Sustein Management for its services to the Group as disclosed in the directors' report on page 63. These executives are therefore not remunerated directly by JD Group.

In determining the remuneration of the executives, the remuneration committee aims to provide the appropriate packages required to attract, retain and motivate the executives whilst giving due consideration to remuneration levels, both within and outside the Group. To meet these objectives, the committee from time to time takes advice from external remuneration specialists.

The Group's primary executive remuneration objective is to reward the executives so as to ensure that their interests are, as far as possible, commensurate and aligned with the interests of the shareholders.

Remuneration for the executives consists of an all inclusive total cost to company basic salary, a performance related bonus and share incentives. Full details of the remuneration of the individual directors and information on share rights are set out on page 64 of the annual financial statements.

The basic salaries for the executives are reviewed annually. The committee compares current rates of pay to those observed in similar relevant companies within and outside the Group. This information is then adjusted to reflect both the Group's performance compared to similar companies and the individual's performance.

An annual performance bonus is awarded as an incentive to executives to achieve predetermined financial and other targets.

The Group operates two share option schemes for directors and senior executives. The committee grants rights which relate to the executive contributions and responsibilities. Rights granted are subject to time limits. Rights are also granted to non-executive directors since this aligns the interests of these directors with the Group's shareholders.

The remuneration of the non-executive directors is set by the executive chairman after consultation with the Group's advisors.

11. NOMINATIONS COMMITTEE

The nominations committee, comprising the same members as the remuneration committee, was constituted in October 2002 under the chairmanship of Ivan Levy.

The nominations committee supports and advises the board in ensuring that the board comprises individuals who are best able to discharge the responsibilities of directors, having regard to the law and the highest standards of governance, by:

- assessing the skills required on the board;
- from time to time assessing the extent to which the required skills are represented on the board;
- establishing processes for the review of the performance of individual directors and the board as a whole; and
- establishing processes for the identification of suitable candidates for appointment to the board.

12. RISK MANAGEMENT COMMITTEE

The risk management committee is a stand alone subcommittee of the board. This committee was formed during the year under review and comprises Len Konar (chairman), Martin Shaw, Niall Thomson, Gerald Völkel, Mark Richards and Pieter Pienaar. Meetings are held at least three times per annum.

The purpose of this committee is to address general business risks applicable to the business units and corporate service departments, credit risks, exchange rate exposure, insurable losses, interest rate and liquidity risks as well as external risks. The findings of this committee are reported to the audit committee.

A dedicated assets and liabilities management subcommittee, comprising Jan Bezuidenhout and Gerald Völkel, reports to this committee.

The board formalised its risk management processes during the year by establishing a risk management executive committee which reports to this committee. The board is confident that the fundamental processes are now in place to ensure compliance with current and future risk management requirements.

Risk is not only viewed from a negative perspective. The review process also identifies areas of opportunity, such as where effective risk management can be turned to competitive advantage.

Risks are identified and monitored through the planning process, the close involvement of the executive directors in the Group's operations and the periodic monitoring of key issues to ensure that the significant risks faced by the Group are being identified, evaluated in terms of impact and severity rating and appropriately managed.

The major risks identified by the risk management committee are IT developments, staff, succession planning, customer base and credit.

13. STAKEHOLDERS' COMMUNICATION

The board is aware of the importance of balanced and understandable communication of the Group's activities to stakeholders and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of stakeholders are addressed by communicating information as it becomes known.

The directors foster a mutual understanding of objectives shared between the Group and its institutional shareholders by meeting with and making presentations to them on a regular basis. The board welcomes the attendance of private shareholders at the annual general meeting and giving them the opportunity to address questions.

At last year's annual general meeting, all resolutions were passed on a show of hands. The level of proxies lodged on each resolution was announced at the meeting.

The Group adopts a proactive stance in timely dissemination of appropriate information to stakeholders through print and electronic news releases and the statutory publication of the Group's financial performance.

14. FINANCIAL CONTROL AND REPORTING

The directors are responsible for ensuring that Group companies maintain adequate records, and for reporting on the financial position of the Group and the results of the activities with accuracy and reliability. Financial reporting procedures are applied in the Group at all levels to meet this responsibility. Financial and other information is constantly reviewed and remedial action taken, where necessary.

Improvements to the quality of reported information are continually effected by means of replacing or upgrading information systems.

The Group's financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards as well as the consistent use of appropriate accounting policies, unless an accounting policy requires revision or adoption of new accounting standards, in which case proper disclosure will be made, supported by reasonable and prudent judgements and estimates, in order to properly disclose the Group's financial status.

15. INTERNAL CONTROL AND INTERNAL AUDIT

The board has overall responsibility for ensuring that the Group maintains a system of internal financial control to provide it with reasonable, but not absolute, assurance regarding the reliability of the financial information used within the business and for publication, and to ensure that assets are safeguarded.

The key features of the internal control systems that operated throughout the year under review are described hereunder:

Control environment

The board has in place a documented organisational structure with clearly defined lines of responsibility and delegation of authority from the board to business units. The board has established policies and procedures, including a levels of authority document and a code of conduct, to foster a strong ethical climate.

Financial monitoring systems

The Group operates a comprehensive annual planning and budgeting process. The annual budget is approved by the board. The financial reporting system compares results with plans, budgets and the previous year and is able to identify deviations on a daily and monthly basis. Reports include regular cash flow, income statements and balance sheets projected for 12 months, which are used in determining future funding needs.

15.1 Main control procedures

The directors have adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, organisational and compliance issues. The board has identified a number of key areas which include treasury, legislative requirements, information technology, strategic business goals and other matters which are subject to regular reporting. Financial controls and procedures are in place, including procedures for seeking and obtaining approval for major transactions and organisational changes. Organisational controls, involving the segregation of incompatible duties and controls relating to the security of assets, are also covered.

The board conducts annual reviews of the operation and effectiveness of this system of internal financial control. The board considers that there have been no weaknesses which have led to any material losses or contingencies during the last year or the period from the balance sheet date to the date of this report.

15.2 Internal control

The directors accept responsibility for maintaining appropriate internal control systems to ensure that the Group's assets are safeguarded and managed, and losses arising from fraud or other illegal acts are minimised. Control systems are monitored and improved in accordance with generally accepted best practice.

Internal audit is an independent, objective assurance and consulting function designed to add value to and improve the Group's operations. It helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and compliance processes. It provides:

- assurance that the management processes are adequate to identify and monitor significant risks;
- confirmation of the adequacy and effective operation of the established internal control systems;
- credible processes for feedback on risk management and assurance; and
- objective confirmation that the board receives assurance from management that information is reliable.

The purpose, authority and responsibility of the internal audit activity are formally defined in an internal audit charter, which is approved by the board, and which is consistent with the Institute of Internal Auditors' definition of internal auditing.

The activities of the internal auditors are co-ordinated by the Group internal audit

Corporate governance (continued)

executive, with unrestricted access to the audit committee chairman and its members.

Internal audit co-ordinates with the external auditors to ensure proper coverage and to minimise duplication of effort. The external auditors also review reports issued by internal audit.

Audit plans for each business unit are tabled annually to take account of changing business needs. Follow up audits are conducted in areas where weaknesses are identified.

The internal audit plan, approved by the audit committee, is based on risk assessments, which are of a continuous nature so as to identify not only existing and residual risks, but also emerging risks, as well as issues highlighted by the audit committee and risk management committee. Internal audits are conducted formally at each business unit workplace and corporate service department on a regular basis.

16. FRAUD AND ILLEGAL ACTS

JD Group does not engage in or accept or condone the engaging in of any illegal acts in the conduct of its business. The directors' policy is to actively pursue and prosecute the perpetrators of fraudulent or other illegal activities, should they become aware of any such acts.

17. EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

JD Group strives to create an environment in which all individuals and teams may develop their full potential for the benefit of themselves and the Group.

The directors acknowledge that the effective development of staff is key to the success of the Group. The human resource policies include a broad framework of corporate values and are driven by the need to ensure effective utilisation of and investment in human resources. Merit and competence are the key criteria for advancement in the Group. Acknowledging the diversity of cultures in the staff complement, the Group continually seeks to redress historical imbalances so that all employees can compete on equal terms. The Group actively participates in initiatives directed at the empowerment of previously disadvantaged groups in the South African community.

Training and career development are important elements of JD Group's business philosophy and success. In a challenging environment, strong leadership is required to guide a successful business. The Group puts a high priority on developing the next generation of business leaders and continues to explore new ways to foster a progressive workplace that attracts and inspires staff of the required calibre.

A management leadership programme, to be launched in February 2003, is the first phase of what will be a learning academy for staff at all levels of the organisation.

The Group applies policies that do not discriminate on grounds of race, age, disability, gender or religion and which provide good opportunities for disadvantaged sections of the community.

The Group recognises the rights of employees regarding freedom of expression and freedom of association and representation. The Group affirms that employees have the right to choose to participate in organised labour structures and collective bargaining. Where possible, employee participation in problem solving and decision making is encouraged.

18. INSIDER TRADING

No employee may deal, directly or indirectly, in JD Group shares on the basis of unpublished price sensitive information regarding the business or affairs of the Group. No director or executive who participates in the JD Group share incentive schemes may trade in JD Group shares during closed periods determined by the board and one month prior to and one week after the announcement of financial results.

19. GOING CONCERN

The directors report that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the financial statements.

20. ACCOUNTABILITY REVIEW

Performance measures are reported in accordance with triple bottom line methodology in economic, environmental and social categories reported below.

Economic impacts

The cornerstone of our business is to satisfy the consumer in the pursuit of consistent, acceptable profit growth. We create wealth for the benefit of all stakeholders. Our international expansion is intended to continue in both Poland and the United Kingdom. The Abra business unit is now one of the largest furniture retailers in Poland. Revenues are increasing and levels of customer satisfaction remain high. Employee numbers continue to grow.

Environmental impacts

In relation to the environment, the Group aims at all times to comply with all relevant legal obligations and regulations concerning the environment and to adopt an all encompassing approach to environmental protection measures with the object of achieving continuous improvements.

The Group strives to keep waste materials to a minimum and to reduce, recycle and, where necessary, dispose of waste by the safest and most responsible means available to reduce environmental impact.

The Group's entire delivery fleet uses unleaded fuel to reduce the emission of carbon dioxide. Daily vehicle inspections are undertaken to ensure that fuel and oil leakages are kept to a minimum. Where deliveries are outsourced, our service providers have to comply with strict criteria in terms of minimising fuel and oil wastage.

The need for minimising water and electricity consumption is actively encouraged at all workplaces.

The Group's internal audit department examines compliance with key features of existing environmental, health and safety legislation and reviews performance against agreed targets.

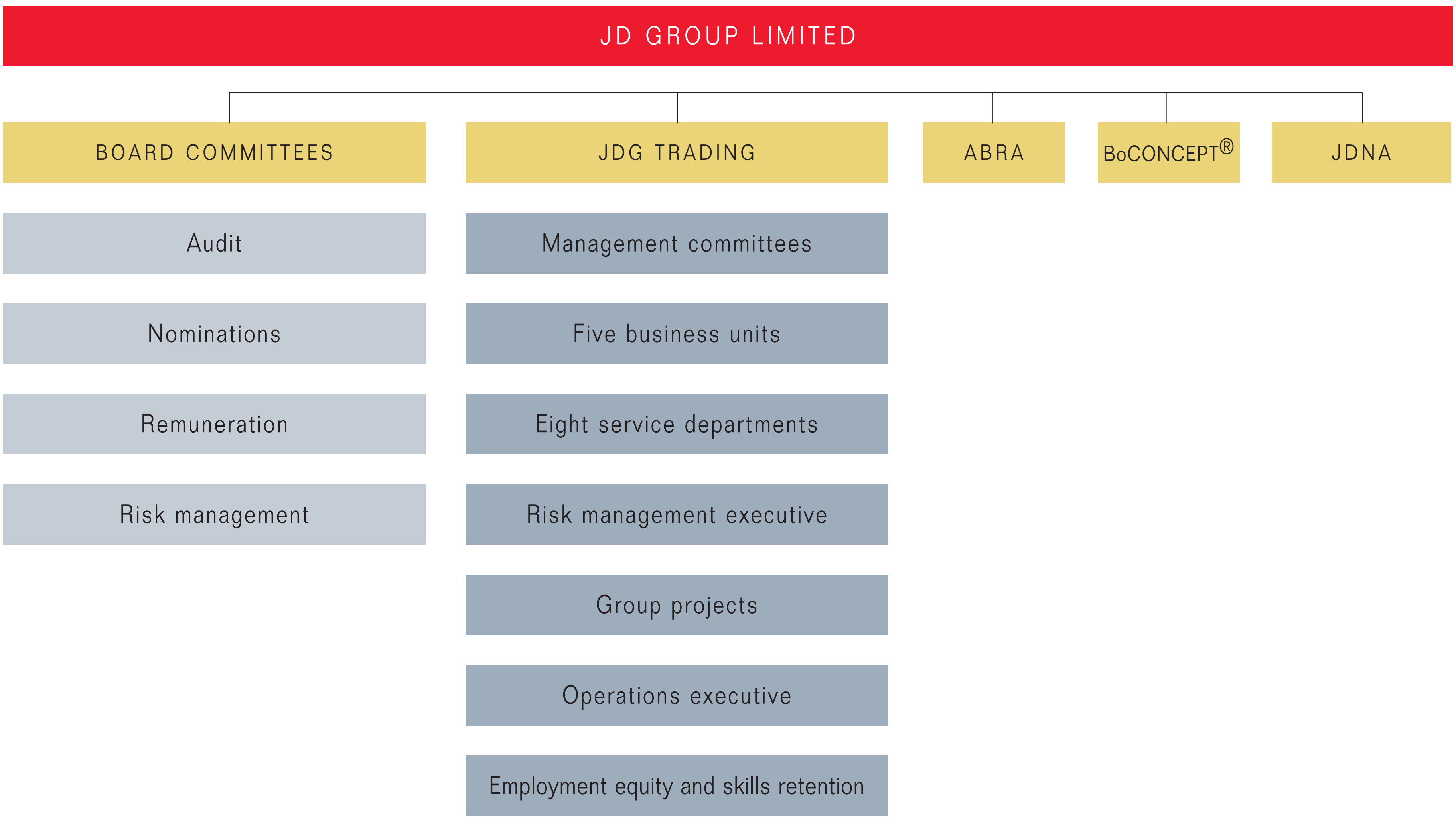
Social impacts

We have a social responsibility to provide a better life for the communities in which we serve, especially the disadvantaged and less fortunate.

Access to health care is provided to all employees through the provision of a medical scheme.

The Group continues to take a proactive stance against epidemics such as HIV/AIDS which are expected to claim over four million lives in South Africa during this decade. These diseases are being actively managed, largely on a preventative basis, to negate their impact on the business and the employees themselves. Together with the Department of Health, the Group has launched an HIV/AIDS awareness programme at all major workplaces.

The Group's social responsibility initiatives are referred to in the executive chairman's report on page 25.



Annual financial statements

Our passion is, and always will be, the pursuit of consistent growth. Through increased productivity, a clear focus on asset management, effective cost control and full disclosure, we will continue to reward our shareholders for their support.

Directors' approval of the annual financial statements

RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation, integrity and objectivity of financial statements that fairly present the state of affairs of the Group at the end of the financial year and the income and cash flow for that period, and other information contained in this annual report.

To enable the directors to meet these responsibilities:

- the board and management set standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risks of error, fraud or loss are reduced in a cost effective manner, these controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- the Group's internal audit function, which operates independently and unhindered, and has unrestricted access to the audit committee, appraises, evaluates and, when necessary, recommends improvements in the systems of internal control and accounting practices, based on audit plans which take cognisance of the relative degrees of risk of each function or aspect of the business; and
- the audit committee, together with the independent and internal auditors, plays an integral role in assessing matters relating to financial internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The Group consistently adopts appropriate and recognised accounting policies.

The financial statements have been prepared in accordance with the provisions of the South African Companies Act and comply with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards.

The directors are of the opinion that the business will be a going concern for the foreseeable future, and accordingly, the financial statements continue to be prepared on a going concern basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the members of the Company is set out on page 62.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors' report and the annual financial statements, which appear on pages 63 to 87, were approved by the board of directors on 12 December 2002 and are signed by

I D Sussman
Executive Chairman

G Völkel
Financial Director

Report of the independent auditors

TO THE MEMBERS OF JD GROUP LIMITED

We have audited the annual financial statements and Group annual financial statements of JD Group Limited set out on pages 63 to 87 for the year ended 31 August 2002. These annual financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement.
An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the annual financial statements and the Group annual financial statements fairly present, in all material respects, the financial position of the Company and the Group at 31 August 2002 and the results of their operations and the cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
12 December 2002

Certificate by company secretary

In terms of section 268G(d) of the Companies Act, 61 of 1973, as amended, I certify that, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies for the financial year ended 31 August 2002 all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Melvyn Jaye

M I Jaye CA(SA)
Company Secretary

12 December 2002

Directors' report

Your directors have pleasure in submitting their report on the affairs of the Company and the Group for the year ended 31 August 2002.

NATURE OF BUSINESS

The Group carries on the business of furniture and appliance retailing as well as the provision of financial services.

FINANCIAL RESULTS

The Group's income statement is set out on page 70.

BoCONCEPT UK LIMITED

The Group acquired the master licence for the BoConcept® retail stores throughout the United Kingdom through BoConcept UK Limited in addition to outlets in London and Bournemouth effective 16 September 2001. The financial results have thus been consolidated.

CORPORATE GOVERNANCE

During the year under review, the directors have complied with all aspects of the Code of Corporate Practices and Conduct ("the Code") as set out in the King Report on Corporate Governance which are applicable to the Group's activities.

The Group is totally committed to the principles of transparency, integrity and accountability as set out in the Code and the directors are fully cognisant of the need to conduct the Group's businesses in accordance with generally accepted corporate practices, having due regard for the rights of their employees, suppliers and lenders, customers, the environment and society at large.

SHARE CAPITAL

The Company's authorised share capital remained unchanged.

The Company's issued share capital was increased during the year as follows:

	Number of shares	**Value R**
Ordinary shares of 5 cents each		
Balance at 1 September 2001	112 609 000	5 630 450
Allotments during the year		
Issue of unissued shares in terms of The JD Group Employee Share Incentive Scheme		
20 September 2001	77 000	3 850
2 January 2002	44 000	2 200
Balance at 31 August 2002	**112 730 000**	**5 636 500**

A maximum of ten million of the remaining unissued shares were placed under the control of the directors of the Company until the forthcoming annual general meeting.

SHARE PREMIUM

Additional share premium of R1 million (2001: R18 million) arose on the issue of 121 000 (2001: 958 000) shares net of issue expenses amounting to R38 350 (2001: R155 809).

SHARE INCENTIVE TRUSTS

13 227 889 (2001: 13 348 689) unissued ordinary shares of 5 cents each were placed under the control of the directors of the Company with the power to allot and issue them in accordance with the terms of The JD Group Employee Share Incentive Scheme. Refer note 13.

SUBSIDIARY COMPANIES

Details of the Company's subsidiaries are set out on page 87. The Company's interest in the profits and losses after taxation of subsidiaries are as follows:

	2002 Rm	2000 Rm
Profits	**229**	302
Losses	**59**	30

DISTRIBUTION TO SHAREHOLDERS

A final dividend of 22 cents (2001: 37 cents) per share and an interim dividend of 34 cents (2001: 57 cents) per share were awarded to shareholders.

MANAGEMENT OF BUSINESS BY A COMPANY

The Company is managed in terms of an agreement with Sustein Management (Pty) Ltd, a company owned and controlled directly and indirectly by the executive directors of the Company and four directors of JDG Trading (Pty) Ltd, as identified on page 21.

DIRECTORS AND SECRETARY

The names of the directors in office at the date of this report, as well as the name, business and postal address of the secretary of the Company, are set out on page 92.

DIRECTORS

In terms of the articles of association, J L Bezuidenhout, H C Strauss and N W E Thomson retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The aggregate beneficial interest of directors in the issued share capital of the Company is as follows:

	Number of shares 2002	2001
Direct	**520 000**	520 000
Indirect	**4 935 812**	4 547 812
Total	**5 455 812**	5 067 812

There are no non-beneficial interests.

I D Sussman is the only director who directly and indirectly holds more than 1% of the issued share capital.

There has been no change in the interests recorded above since the year end date.

Directors' remuneration

This report on remuneration and related matters covers issues which are the concern of the board as a whole in addition to those which were dealt with by the remuneration committee.

REMUNERATION POLICY

The remuneration committee has a clearly defined mandate from the board aimed at:

- ensuring that the Group's chairman, directors and senior executives are fairly rewarded for their individual contributions to the Group's overall performance; and
- ensuring that the Group's remuneration strategies and packages, including the remuneration schemes, are related to performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of the Group.

DIRECTORS' SERVICE CONTRACTS

All executive directors' normal contracts are now subject to 12 calendar months' notice. Non-executive directors are not bound by service contracts.

	Basic salary R	Fees for services R	Allowances (note 1) R	Contributions (note 2) R	Cash package R	Bonuses R	Share scheme gains R	Total R
2002								
Executive directors								
I D Sussman	1 632 807		233 599	393 667	2 260 073	1 102 350		3 362 423
H C Strauss	1 009 211		197 384	218 525	1 425 120	643 037		2 068 157
J L Bezuidenhout	593 729		147 418	134 249	875 396	367 450		1 242 846
N W E Thomson	450 762		153 417	186 111	790 290	367 450	150 480	1 308 220
G Völkel	603 612		147 417	124 138	875 167	367 450	100 320	1 342 937
Non-executive directors								
M E King		90 000			90 000			90 000
D Konar		81 000			81 000			81 000
I S Levy		90 000			90 000			90 000
M Lock		40 000			40 000			40 000
M J Shaw		70 000			70 000			70 000
2001								
Executive directors								
I D Sussman	1 508 754		223 334	375 533	2 107 621	1 028 340	9 090 873	12 226 834
H C Strauss	945 202		188 516	215 566	1 349 284	599 866	2 712 100	4 661 250
J L Bezuidenhout	542 673		140 716	123 548	806 937	342 780	1 871 460	3 021 177
N W E Thomson	416 464		146 716	173 875	737 055	342 780	884 940	1 964 775
G Völkel	538 315		136 216	108 383	782 914	323 352	1 040 260	2 146 526
Non-executive directors								
M E King		90 000			90 000			90 000
D Konar		24 000			24 000			24 000
I S Levy		90 000			90 000			90 000
M Lock		20 000			20 000			20 000
M J Shaw		17 500			17 500			17 500

1 = Travel, entertainment and subsistence allowances
2 = Retirement fund and medical aid contributions

Directors' remuneration (continued)

DIRECTORS' SHARE OPTIONS

The following options and rights in shares in the Company were outstanding in favour of directors of the Company under the Company's share option schemes.

	Offer date	Options held at year end	Exercise price R		Options exercised during year	Date exercised	Exercise price R	Exercise cost R	Sale/ market price R	Sale/ market value R	Gain R
2002											
Executive directors											
I D Sussman	24/06/1996	240 000	18,79								
	02/09/1998	200 000	14,03								
	04/10/1999	137 956	34,18	a							
	25/05/2000	1 000 000	29,84								
		1 577 956									
H C Strauss	24/06/1996	50 000	18,79								
	02/09/1998	104 000	14,03								
	04/10/1999	100 000	34,18	a							
	25/05/2000	700 000	29,84								
		954 000									
J L Bezuidenhout	24/06/1996	30 000	18,79								
	02/09/1998	48 000	14,03								
	04/10/1999	100 000	34,18	a							
	25/05/2000	500 000	29,84								
		678 000									
N W E Thomson	24/06/1996	30 000	18,79		12 000	15/12/2001	14,03	168 360	26,57	318 840	150 480
	02/09/1998	36 000	14,03								
	04/10/1999	40 000	34,18	a							
	25/05/2000	200 000	29,84								
		306 000			12 000						150 480
G Völkel	24/06/1996	12 000	18,79		8 000	15/12/2001	14,03	112 240	26,57	212 560	100 320
	20/08/1997	6 000	27,63								
	05/11/1997	30 000	27,63								
	02/09/1998	24 000	14,03								
	04/10/1999	20 000	29,07								
	04/10/1999	70 000	34,18	a							
	25/05/2000	350 000	29,84								
		512 000			8 000						100 320
Non-executive directors											
M E King	02/05/2001	200 000	27,20								
D Konar	02/05/2001	200 000	27,20								
I S Levy	02/05/2001	200 000	27,20								
M Lock	02/05/2001	200 000	27,20								
M J Shaw	30/07/2001	200 000	29,62								

Share options may be exercised in lots of 20% after 2 years from the offer date and 20% every year thereafter.

a = Options granted by The JD Group Limited Share Incentive Trust which are exercisable 20% after 3 years, 20% after 4 years and the remainder after 5 years from the offer date.

Directors' remuneration (continued)

DIRECTORS' SHARE OPTIONS (continued)

	Offer date	Options held at year end	Exercise price R		Options exercised during year	Date exercised	Exercise price R	Exercise cost R	Sale/ market price R	Sale/ market value R	Gain R	
2001												
Executive directors												
I D Sussman	24/06/1996	240 000	18,79		275 481	15/06/01	5,50	1 515 146	38,50	10 606 019	9 090 873	b
	02/09/1998	200 000	14,03									
	04/10/1999	137 956	34,18	a								
	25/05/2000	1 000 000	29,84									
		1 577 956			275,481						9 090 873	
H C Strauss	24/06/1996	50 000	18,79		50 000	15/12/00	18,79	939 500	39,88	1 994 000	1 054 500	
	02/09/1998	104 000	14,03		26 000	15/12/00	14,03	364 780	39,88	1 036 880	672 100	
	04/10/1999	100 000	34,18	a	50 000	15/06/01	18,79	939 500	38,50	1 925 000	985 500	
	25/05/2000	700 000	29,84									
		954 000			126 000						2 712 100	
J L Bezuidenhout	24/06/1996	30 000	18,79		30 000	15/09/00	18,79	563 700	47,91	1 437 300	873 600	
	02/09/1998	48 000	14,03		12 000	15/09/00	14,03	168 360	47,91	574 920	406 560	
	04/10/1999	100 000	34,18	a	30 000	15/06/01	18,79	563 700	38,50	1 155 000	591 300	
	25/05/2000	500 000	29,84									
		678 000			72 000						1 871 460	
N W E Thomson	24/06/1996	30 000	18,79		30 000	15/06/01	18,79	563 700	38,50	1 155 000	591 300	
	02/09/1998	48 000	14,03		12 000	15/06/01	14,03	168 360	38,50	462 000	293 640	
	04/10/1999	40 000	34,18	a								
	25/05/2000	200 000	29,84									
		318 000			42 000						884 940	
G Völkel	24/06/1996	12 000	18,79		12 000	15/09/00	18,79	225 480	47,91	574 920	349 440	
	20/08/1997	6 000	27,63		2 000	15/09/00	27,63	55 260	47,91	95 820	40 560	
	05/11/1997	30 000	27,63		8 000	15/09/00	14,03	112 240	47,91	383 280	271 040	
	02/09/1998	32 000	14,03		10 000	15/03/01	27,63	276 300	41,90	419 000	142 700	
	04/10/1999	20 000	29,07		12 000	15/06/01	18,79	225 480	38,50	462 000	236 520	
	04/10/1999	70 000	34,18	a								
	25/05/2000	350 000	29,84									
		520 000			44 000						1 040 260	
Non-executive directors												
M E King	02/05/2001	200 000	27,20									
D Konar	02/05/2001	200 000	27,20									
I S Levy	02/05/2001	200 000	27,20									
M Lock	02/05/2001	200 000	27,20									
M J Shaw	30/07/2001	200 000	29,62									

Share options may be exercised in lots of 20% after 2 years from the offer date and 20% every year thereafter.
a = Options granted by The JD Group Limited Share Incentive Trust which are exercisable 20% after 3 years, 20% after 4 years and the remainder after 5 years from the offer date.
b = Shares sold in terms of the share purchase scheme of The JD Group Limited Share Incentive Trust.

DIRECTORS' DIRECT AND INDIRECT INTEREST IN SHARES OF THE COMPANY

	2002	2001
I D Sussman	**200 000**	
H C Strauss	**100 000**	
J L Bezuidenhout	**100 000**	
G Völkel	**23 000**	15 000
M E King	**2 428**	2 428
I S Levy	**2 428**	2 428
	427 856	19 856

Definitions

REVENUE
Revenue comprises net invoiced value of merchandise sold excluding value added tax, net finance charges earned and income generated from financial and other services.

COST OF SALES
Cost of sales comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

OPERATING MARGIN
Operating income divided by revenue.

INTEREST COVER
Operating and investment income divided by net finance costs.

EARNINGS PER SHARE
Income after taxation divided by weighted average number of shares in issue.

HEADLINE EARNINGS PER SHARE
Income after taxation adjusted for exceptional losses on discontinuance, surpluses or losses on disposal of property, plant and equipment and goodwill amortised divided by weighted average number of shares in issue.

DILUTED EARNINGS AND HEADLINE EARNINGS PER SHARE
As for earnings and headline earnings per share after including the dilutive impact of share options in respect of unissued shares granted to employees in the weighted average number of shares in issue.

DIVIDEND COVER
Earnings per share divided by cash equivalent dividends per share.

RETURN ON CLOSING SHAREHOLDERS' EQUITY
Income after taxation divided by shareholders' equity at year end.

RETURN ON AVERAGE SHAREHOLDERS' EQUITY
Income after taxation divided by average shareholders' equity.

RETURN ON ASSETS MANAGED
Operating and investment income divided by average total assets (excluding deferred taxation) less average non-interest bearing debt.

NET ASSET VALUE PER SHARE
Shareholders' funds divided by number of shares in issue.

GEARING RATIO
Interest bearing debt less cash resources divided by shareholders' equity.

CURRENT RATIO
Current assets divided by current liabilities.

Accounting policies

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis in accordance with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards and incorporate the following principal accounting policies, which are consistent in all material respects with those of the previous year, except for the change in accounting policy on the adoption of IAS 39: Financial Instruments: Recognition and Measurement, as more fully described in note 1 on page 72.

The financial statements are presented in South African rand since this is the currency in which the majority of the Group's transactions are denominated.

Consistent with prior financial reporting periods the trading cycle ends on the 15th of each following month. The financial year ends on 15 September.

BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities.

On acquisition, the assets and liabilities of the subsidiaries are measured at fair value. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. All intercompany transactions and balances are eliminated on consolidation.

The accounting policies and year ends of all subsidiaries are consistent throughout the Group. The consolidation of Abra SA and BoConcept UK Limited for the year ended 31 August 2002 is based on audited financial statements for the period ended 31 August 2002.

The assets and liabilities of foreign subsidiaries are translated into rand at rates of exchange ruling at the year end. The results of their operations are translated at an appropriate weighted average rate of exchange for the year.

GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is capitalised and amortised on a straight line basis over its estimated useful life and is assessed for impairment.

DEFERRED TAXATION

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Temporary differences arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of assessable taxable profit. In general, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities which affects neither the taxable profit nor the accounting profit at the time of the transaction.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is calculated at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred taxation is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost and is depreciated on the straight line basis over the estimated useful lives of the assets concerned. Rates of depreciation vary between 10% and 33,3% per annum.

LEASED ASSETS

Lease agreements which transfer substantially all the risks and rewards associated with ownership of an asset to the lessee are regarded as finance leases. Assets subject to finance lease agreements are capitalised at the lower of the present value of the minimum lease payment and their cash cost equivalent and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against operating income and the capital repayment, which in turn reduces the liability to the lessor. These assets are depreciated on the same basis as the property, plant and equipment owned by the Group over the period of the lease. Other leases, which merely confer the right to the use of an asset, are treated as operating leases, with lease payments charged against operating income systematically over the period of the lease.

INVESTMENTS

Investments in securities are recognised on a trade date basis and are initially measured at cost. At subsequent reporting dates, where the Group has the intention and ability to hold the investment to maturity, the investment is measured at amortised cost less any provision for impairment.

Accounting policies (continued)

TRADE RECEIVABLES

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts based on estimated future cash flows discounted at the effective rate implicit to each contract.

INVENTORIES

Inventories comprise merchandise for resale and are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Adequate provision is made for obsolete and slow moving inventories.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recorded at cost and are remeasured to fair value at subsequent reporting dates.

OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are set off where the Group has a legal and enforceable right to set off and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis.

IMPAIRMENT

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised as income immediately.

REVENUE RECOGNITION

Profits on sales under instalment sale transactions are included in revenue at date of sale. Finance charges, calculated on the effective interest rate method, are taken to revenue over the period of the agreements as instalments become due. This method approximates the net present value of anticipated future cash flows.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for at the rate of exchange ruling on the date of the transaction. Foreign assets and liabilities are converted into South African currency at the approximate rates of exchange ruling at the balance sheet date while the results of foreign operations are translated at an average exchange rate for the period. Gains or losses on conversion of foreign currencies are accounted for in the period in which they arise and are included in operating income, except where they arise on translation of the Group's foreign entities, when they are credited or changed directly to reserves.

RETIREMENT BENEFITS

Contributions to retirement benefit funds are charged against income as an expense in the period during which the services are rendered.

EQUITY COMPENSATION BENEFITS

The Company grants share options to certain directors and employees under share incentive schemes. The costs incurred in administering the schemes are expensed as incurred. No compensation cost is recognised in these annual financial statements for options or shares granted to employees from the share incentive schemes.

Group income statement

	Note	2002 Rm	2001 Rm
Revenue	2	**4 083**	3 788
Continuing		**4 083**	3 517
Discontinued			271
Cost of sales		**1 706**	1 530
Continuing		**1 706**	1 447
Discontinued			83
Operating income	3	**418**	657
Continuing		**418**	617
Discontinued			40
Investment income		**11**	8
Interest received	5	**46**	12
Interest paid		**176**	113
Income before exceptional item		**299**	564
Exceptional item: loss on discontinuance	4		167
Income before taxation	5	**299**	397
Taxation	6	**60**	123
Income after taxation		**239**	274
Attributable to outside shareholders		**2**	1
Income attributable to shareholders		**241**	275
Number of shares in issue (000)		**112 730**	112 609
Weighted average number of shares in issue (000)			
– basic		**112 709**	112 123
– diluted		**113 285**	115 170
Headline earnings per share (cents)			
– basic	7	**225,2**	351,2
– diluted	7	**224,1**	341,9
Earnings per share (cents)			
– basic	7	**213,8**	245,3
– diluted	7	**212,7**	238,8
Cash equivalent dividends per share (cents)	8	**56,0**	94,0

Group balance sheet

	Note	2002 Rm	2001 Rm
ASSETS			
Non-current assets		**355**	269
Property, plant and equipment	9	**144**	127
Goodwill	10	**54**	6
Share incentive trusts		**10**	10
Investments	11	**110**	110
Deferred taxation	15	**37**	16
Current assets		**3 898**	4 270
Inventories		**427**	359
Accounts receivable	12	**3 231**	3 255
Financial assets	19	**13**	–
Taxation		**5**	1
Bank balances and cash		**222**	655
Total assets		**4 253**	4 539
EQUITY AND LIABILITIES			
Equity and reserves			
Share capital and premium	13	**782**	781
Non-distributable reserve		**24**	4
Retained income		**1 112**	1 093
Shareholders for dividend		**25**	42
Shareholders' equity		**1 943**	1 920
Outside shareholders' interest		**21**	(1)
Non-current liabilities		**1 310**	1 577
Interest bearing long term liabilities	14	**1 049**	1 261
Deferred taxation	15	**261**	316
Current liabilities		**979**	1 043
Non-interest bearing	16	**745**	722
Interest bearing	14	**219**	192
Financial liabilities	19	**11**	–
Taxation		**2**	125
Bank overdraft		**2**	4
Total equity and liabilities		**4 253**	4 539

Group cash flow statement

	Note	2002 Rm	2001 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		**(159)**	(25)
Cash generated by trading	a	**489**	682
Increase in working capital	b	**(238)**	(470)
Cash generated by operations		**251**	212
Investment income		**11**	8
Interest received	c	**30**	12
Interest paid		**(176)**	(113)
Taxation paid	d	**(195)**	(45)
Cash utilised by operating activities		**(79)**	74
Dividends paid	e	**(80)**	(99)
CASH FLOWS FROM INVESTING ACTIVITIES		**(88)**	(87)
Decrease in loans to the share incentive trusts		**–**	3
Acquisition of subsidiaries	f	**(29)**	(2)
Investments acquired		**1**	(30)
Proceeds on disposal of property, plant and equipment		**7**	8
Additions to property, plant and equipment		**(67)**	(66)
CASH FLOWS FROM FINANCING ACTIVITIES		**(184)**	722
Proceeds on issue of shares		**1**	19
Long term bank borrowings raised		**–**	1 000
Long term bank borrowings repaid		**(160)**	(797)
Finance lease liability raised		**–**	500
Finance lease liability repaid		**(25)**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(431)**	610
Cash and cash equivalents at beginning of year		**651**	41
CASH AND CASH EQUIVALENTS AT END OF YEAR	g	**220**	651

Notes to the Group cash flow statement

		2002 Rm	2001 Rm
a	CASH GENERATED BY TRADING		
	Operating income	**418**	657
	Net loss of discontinued operation		(26)
	Non-cash items		
	Depreciation	**57**	51
	Surplus on disposal of property, plant and equipment	**(3)**	–
	Goodwill amortised	**15**	–
	Revaluation of financial liabilities	**3**	–
	Unrealised foreign currency translation	**(1)**	–
		489	682
b	INCREASE IN WORKING CAPITAL		
	Increase in inventories	**(60)**	6
	Increase in accounts receivable	**(179)**	(488)
	Increase in accounts payable	**1**	12
		(238)	(470)
c	INTEREST RECEIVED		
	Financial liabilities at beginning of year	**(3)**	–
	Per income statement	**46**	12
	Financial assets at end of year	**(13)**	–
		30	12
d	TAXATION PAID		
	Amount unpaid at beginning of year	**(124)**	5
	Per income statement (note 6)	**(68)**	(174)
	Amount overpaid at end of year	**(3)**	124
		(195)	(45)
e	DIVIDENDS PAID		
	Amount unpaid at beginning of year	**(42)**	(35)
	Per income statement	**(63)**	(106)
	Amount unpaid at end of year	**25**	42
		(80)	(99)
f	ACQUISITION OF SUBSIDIARIES		
	BoConcept UK Ltd (2001: Abra SA)		
	Property, plant and equipment	**6**	9
	Deferred taxation	**–**	5
	Inventories	**7**	18
	Accounts receivable	**8**	2
	Accounts payable	**(21)**	(16)
	Goodwill	**47**	6
		47	24
	Outside shareholders	**(19)**	–
	Bank balance acquired	**1**	(22)
	Purchase price paid	**29**	2
g	CASH AND CASH EQUIVALENTS		
	Bank balances and cash	**222**	655
	Bank overdraft	**(2)**	(4)
		220	651

Group statement of changes in equity

	Share capital Rm	Share premium Rm	Non-distributable reserve Rm	Retained income Rm	Shareholders for dividend Rm	Total Rm
Balance at 31 August 2000	5	757	–	924	35	1 721
Income attributable to shareholders				275		275
Distributable to shareholders				(106)	106	–
Paid to shareholders						
15 December 2000					(35)	(35)
15 June 2001					(64)	(64)
Translation of foreign entity			4			4
Issue of share capital	1	18				19
Balance at 31 August 2001 – as previously reported	6	775	4	1 093	42	1 920
Change in accounting policy				(159)		(159)
Balance at 31 August 2001 – restated	6	775	4	934	42	1 761
Income attributable to shareholders				241		241
Distributable to shareholders				(63)	63	–
Paid to shareholders						
19 November 2001					(42)	(42)
27 May 2002					(38)	(38)
Translation of foreign entities			20			20
Issue of share capital		1				1
Balance at 31 August 2002	**6**	**776**	**24**	**1 112**	**25**	**1 943**

Notes to the Group financial statements

1. CHANGE IN ACCOUNTING POLICY

During the year, the Group changed its accounting policy relating to financial instruments in accordance with IAS 39: Financial Instruments: Recognition and Measurement (Revised 2000).

IAS 39 (Revised 2000) has introduced a comprehensive framework for accounting for all financial instruments. The Group's detailed accounting policies in respect of such instruments are set out on page 68. The principal effect of the adoption of IAS 39 has been the recognition of additional impairment provisions for originating loans and receivables based on the net present value of expected future cash flows of delinquent accounts, and the recognition of the derivative financial instruments on balance sheet at fair value with effect from 1 September 2001.

The effects on opening retained income and current year net income are summarised as follows:

	Gross Rm	Taxation Rm	Net Rm
Opening retained income*			
Additional accounts receivable provision	(220)	67	(153)
Fair value of derivative instruments	(9)	3	(6)
Reduction in opening retained income	(229)	70	(159)
Current year net income			
Release of accounts receivable provision	83	(25)	58
Movement in fair value of derivative instruments	13	(4)	9
Increase in net income	96	(29)	67

** As a result of the proposed amendments to IAS 39 and the release of implementation guidance, certain paragraphs in IAS 39 relating to the discount rate to be applied to the expected cash flows from the receivables have been clarified. The opening retained income was not restated in the interim results at February 2002. This has now been restated to reflect the application of the discount rate referred to above.*

	2002 Rm	2001 Rm

2. REVENUE

	2002 Rm	2001 Rm
Sale of merchandise	**2 583**	2 301
Finance charges earned	**750**	738
Financial services	**551**	560
Other services	**199**	189
	4 083	3 788

Notes to the Group financial statements
(continued)

	2002 Rm	2001 Rm
3. RECONCILIATION OF REVENUE TO OPERATING INCOME		
Revenue	**4 083**	3 788
Cost of sales	**1 706**	1 530
Other direct operating expenses	**340**	140
Administration and IT	**241**	242
Marketing	**188**	160
Occupancy	**325**	274
Staff	**700**	639
Transport and travel	**137**	132
Management fee	**13**	14
Goodwill	**15**	–
Operating income	**418**	657

4. EXCEPTIONAL ITEM: LOSS ON DISCONTINUANCE

The Group conducted research which indicated that it would be beneficial to cease trading with certain market segments, due to the risk associated with such segments, and with certain of its brands.

In line with this, exposure to the lower end of the market was discontinued through the cessation of trade with this segment and the Score brand was discontinued.

The discontinuance commenced in May 2001 with discussions with organised labour and subsequent approval of the plan by the board of directors. This resulted in an exceptional loss on discontinuance of R167 million comprising:

	2001 Rm
Trade receivables	117
Retrenchment costs	3
Inventory impairment	9
Leases	12
Operating loss	26
	167

Taxation relating to the loss on discontinuance amounted to R47 million. The taxation expense relating to the activities of the discontinued operation prior to discontinuance was R12,5 million.

The net cash utilised by the operating activities of the discontinued operation was R3,5 million. There were no cash flows from investing or financing activities relating to the discontinued operation.

The discontinuance was completed by 31 August 2001.

	2002 Rm	2001 Rm
5. INCOME BEFORE TAXATION is stated after taking account of the following items		
Auditors' remuneration		
Audit fees – current	**2,1**	1,3
– prior	**0,6**	0,2
Other services	**0,4**	0,6
Expenses	**0,1**	0,1
	3,2	2,2
Depreciation of property, plant and equipment		
Owned	**55,7**	48,8
Leased	**0,9**	1,9
	56,6	50,7
Fair value losses on embedded derivatives	**3,5**	–
Fair value provision on trade receivables	**(83,3)**	–
Foreign exchange gains	**(5,2)**	(3,1)
Goodwill		
Amortisation	**2,7**	–
Impairment	**12,2**	–
	14,9	–
Interest received		
Finance income	**(29,9)**	(12,4)
Fair value gains on interest rate swaps	**(16,3)**	–
	(46,2)	(12,4)
Management fees		
Sustein Management (Pty) Ltd	**12,9**	13,6
Operating leases – business premises	**248,5**	220,5
Retirement benefit costs		
Defined contribution funds	**33,2**	30,0
Defined benefit funds	**7,2**	3,3
	40,4	33,3
Surplus on disposal of property, plant and equipment		
Owned	**(3,0)**	(0,3)

Notes to the Group financial statements
(continued)

	2002 Rm	2001 Rm
6. TAXATION		
South African taxation		
Normal – current	**47,3**	161,1
– prior	**12,0**	–
Deferred – current	**20,7**	(40,8)
– prior	**(12,8)**	–
Secondary taxation on companies	**6,5**	12,2
	73,7	132,5
Foreign taxation		
Normal – current	**0,2**	0,3
– prior	**2,0**	–
Deferred – current	**(14,6)**	(9,2)
– prior	**(1,8)**	(0,7)
– rate adjustment	**0,9**	–
Withholding and other	**0,1**	0,1
	(13,2)	(9,5)
Total taxation	**60,5**	123,0
Dealt with as follows		
Current taxation	**68,1**	173,7
Deferred taxation	**(7,6)**	(50,7)
Total taxation	**60,5**	123,0
Reconciliation of taxation charge		
Domestic standard normal rate of taxation (%)	***30,0***	*30,0*
Taxation at standard rate	**89,7**	119,2
Adjusted for		
Foreign tax rate differential	**(0,3)**	(1,3)
Expenditure disallowed	**9,2**	2,1
Exempt income	**(47,2)**	(12,6)
Prior years	**(0,6)**	(0,7)
Deferred tax asset not raised	**2,2**	4,0
Secondary taxation on companies	**6,5**	12,2
Withholding taxes	**0,1**	0,1
Rate adjustment	**0,9**	–
Taxation charged to income	**60,5**	123,0
Effective rate of taxation (%)	***20,2***	*31,0*
Estimated tax losses available for set off against future taxable income amount to	**79,8**	39,9

	2002 Rm	2001 Rm
7. EARNINGS PER SHARE AND HEADLINE EARNINGS PER SHARE		
The calculation of earnings per share is based on income attributable to shareholders of	**241**	275
Basic		
Weighted average number of shares in issue during the year of (000)	**112 709**	112 123
	Cents	Cents
Earnings per share	**213,8**	245,3
Loss on discontinuance	**–**	148,6
Surplus on disposal of property, plant and equipment	**(2,7)**	(1,3)
Goodwill amortised	**13,3**	0,5
Taxation effect thereon	**0,8**	(41,9)
Headline earnings per share	**225,2**	351,2
Diluted		
Weighted average number of shares in issue during the year of (000)*	**113 285**	115 170
	Cents	Cents
Earnings per share	**212,7**	238,8
Loss on discontinuance		144,7
Surplus on disposal of property, plant and equipment	**(2,7)**	(1,2)
Goodwill amortised	**13,3**	0,4
Taxation effect thereon	**0,8**	(40,8)
Headline earnings per share	**224,1**	341,9

* *Revised calculation*
Diluted number of shares calculated after considering the dilutive impact of share options and the cash value to be received in future, in respect of unissued shares granted to employees

	2002 Rm	2001 Rm
8. DISTRIBUTION TO SHAREHOLDERS		
Cash dividends		
Interim declared: 34 cents (2001: 57 cents)	**38**	64
Final proposed: 22 cents (2001: 37 cents)	**25**	42
Total distribution to shareholders	**63**	106

Notes to the Group financial statements
(continued)

	Property Rm	Leasehold improvements Rm	Vehicles and forklift trucks Rm	Computer equipment Rm	Office equipment, furniture and fittings Rm	**2002 Rm**	2001 Rm
9. PROPERTY, PLANT AND EQUIPMENT							
Owned							
At beginning of year							
Cost	29	39	88	36	41	**233**	194
Accumulated depreciation	(1)	(17)	(42)	(22)	(26)	**(108)**	(89)
Net book value	28	22	46	14	15	**125**	105
Movement for the year							
Acquired	–	5	1	–	–	**6**	9
Additions/transfers	(1)	21	29	6	12	**67**	66
Depreciation	(2)	(13)	(25)	(9)	(7)	**(56)**	(49)
Disposals – cost	–	–	(27)	(16)	(4)	**(47)**	(40)
– accumulated depreciation	–	–	23	15	4	**42**	32
Foreign exchange rate conversion	1	4	–	1	–	**6**	2
At end of year							
Cost	29	70	91	27	49	**266**	233
Accumulated depreciation	(3)	(31)	(44)	(16)	(29)	**(123)**	(108)
Net book value	26	39	47	11	20	**143**	125
Leased							
At beginning of year							
Cost	–	–	2	–	9	**11**	16
Accumulated depreciation	–	–	(2)	–	(7)	**(9)**	(12)
Net book value	–	–	–	–	2	**2**	4
Movement for the year							
Depreciation	–	–	–	–	(1)	**(1)**	(2)
Disposals – cost	–	–	–	–	(1)	**(1)**	(5)
– accumulated depreciation	–	–	–	–	1	**1**	5
At end of year							
Cost	–	–	2	–	8	**10**	11
Accumulated depreciation	–	–	(2)	–	(7)	**(9)**	(9)
Net book value	–	–	–	–	1	**1**	2
Total net book value	26	39	47	11	21	**144**	127
Depreciation rates (%)	10	25	25 – 33	25	10 – 25		
Directors' valuation of property						**63**	60

A register of property is available for inspection by members at the registered office of the Company.
There was no change in the nature of property, plant or equipment or in the policy regarding their use.

Notes to the Group financial statements
(continued)

	2002 Rm	2001 Rm
10. GOODWILL		
Cost		
Opening balance	**146**	140
Acquisition of BoConcept UK Ltd	**47**	–
Acquisition of Abra SA	**1**	6
Fair value adjustment of Abra SA	**5**	–
Translation adjustment	**10**	–
	209	146
Accumulated amortisation		
Opening balance	**140**	140
Amortisation	**3**	–
Impairment	**12**	–
	155	140
Net book value	**54**	6
11. INVESTMENTS		
Unlisted		
Shares at cost	**110**	110

The directors consider the cost of investments to approximate their fair values.

	2002 Rm	2001 Rm
12. ACCOUNTS RECEIVABLE		
Instalment sale receivables	**3 972**	3 766
Cash loans	**–**	10
Less: Provisions	**(915)**	(678)
Unearned finance charges	**(522)**	(483)
Other	**(393)**	(195)
	3 057	3 098
Other receivables	**174**	157
	3 231	3 255

In accordance with industry norms, amounts due from instalment sale receivables receivable after one year are included in current assets. The credit terms of instalment sale receivables range from 6 to 24 months.

Included in current year provisions is the additional impairment provision raised to account for the discounting of expected cash receipts for arrear instalment sale receivables as required by IAS 39 and discussed in note 1. In terms of the transitional provisions of IAS 39 the comparative results have not been restated. The comparative total provisions would have amounted to R898 million, including the additional impairment provision of R220 million.

Bank borrowings are secured by a negative pledge of accounts receivable (note 14).

12. ACCOUNTS RECEIVABLE (continued)

Prejudicial legislative changes, relating to the taxation of directors and employees' taxation associated with payments to employee companies, gave rise to Sustein Management (Pty) Ltd owing an amount of R6,2 million during the year which has been settled.

13. SHARE CAPITAL AND PREMIUM

	2002 Rm	2001 Rm
Share capital		
Authorised		
250 000 000 (2001: 250 000 000) ordinary shares of 5 cents each	**13**	13
Issued		
112 730 000 (2001: 112 609 000) ordinary shares of 5 cents each	**6**	6
Share premium		
Balance at beginning of year	**775**	757
Additions during year net of share issue expenses		
On 121 000 (2001: 958 000) ordinary shares issued at premiums of 1 398 cents to 2 758 cents (2001: 1 398 cents to 2 927 cents) in terms of options exercised by employees participating in The JD Group Employee Share Incentive Scheme	**1**	18
Balance at end of year	**776**	775
Total share capital and premium	**782**	781

No unissued shares are under the control of the directors to be issued in terms of The JD Group Limited Share Incentive Trust.

11 280 480 (2001: 9 326 280) unissued shares are under option to employees of the Group in terms of The JD Group Employee Share Incentive Scheme at prices varying between R14,03 and R29,84 per share.

1 947 409 (2001: 4 022 409) unissued shares are under the control of the directors to be granted in terms of The JD Group Employee Share Incentive Scheme.

A maximum of ten million of the remaining unissued shares are under the control of the directors until the forthcoming annual general meeting.

Notes to the Group financial statements
(continued)

	2002 Rm	2001 Rm
14. LONG TERM LIABILITIES		
Bank borrowings	**793**	953
Finance lease liabilities	**475**	500
	1 268	1 453
Payable within one year reflected under current liabilities	**(219)**	(192)
	1 049	1 261

Bank borrowings are secured by a negative pledge of accounts receivable of R3 972 million (2001: R3 776 million) and are repayable in bi-annual instalments of capital and interest of approximately R144 million (2001: R144 million) each. The interest rates per annum are as follows:

2002:
- on R306 million: variable rate linked to prime, fixed at 7,75% for the period to 28 February 2003;
- on R80 million: variable rate linked to jibar, fixed at 14,30% for the period to 31 May 2003; and
- on R407 million: variable rate linked to prime, fixed at 11,55% for the period to 1 July 2003.

2001:
- on R368 million: variable rate linked to prime, fixed at 7,73% for the period to 28 February 2002;
- on R100 million: variable rate linked to jibar, fixed at 12,75% for the period to 31 May 2002; and
- on R485 million: variable rate linked to prime, fixed at 8,30% for the period to 1 July 2002.

Finance lease liabilities are secured by certain intellectual property. Finance lease liabilities bear interest at effective rates of 16,25% (2001: 13,00% to 16,25%) per annum and are repayable in bi-annual instalments of capital and interest of approximately R59 million (2001: R59 million) each.

	2002 Rm	2001 Rm
14. LONG TERM LIABILITIES (continued)		
Long term liabilities are repayable in the following financial years		
Bank borrowings		
2002		160
2003	**181**	181
2004	**205**	205
2005	**232**	232
2006	**175**	175
	793	953
Finance lease liabilities		
2002		32
2003	**38**	38
2004	**45**	45
2005	**54**	54
2006	**63**	63
2007	**75**	75
2008	**88**	88
2009	**112**	105
	475	500

In terms of the articles of association of the Company and all its subsidiaries, borrowing powers are unlimited.

Notes to the Group financial statements
(continued)

	2002 Rm	2001 Rm
15. DEFERRED TAXATION		
Amount provided at beginning of year	**300**	356
On acquisition of Abra SA	**5**	(5)
Adjustment as a result of change in accounting policy (note 1)	**(70)**	–
Credited to income (note 6)	**(8)**	(51)
Foreign translation adjustments	**(3)**	–
Amount provided at end of year	**224**	300
The deferred taxation provision comprises the following temporary differences		
Instalment sale receivables' allowances	**253**	312
Provisions disallowed	**(15)**	(9)
Assets unrealised	**8**	–
Payments in advance	**3**	8
Other	**1**	1
Tax losses	**(26)**	(12)
	224	300
Deferred taxation is disclosed as		
Asset	**(37)**	(16)
Liability	**261**	316
	224	300

16. NON-INTEREST BEARING CURRENT LIABILITIES

The directors consider the carrying amount of non-interest bearing current liabilities to approximate their fair values. The credit period of non-interest bearing current liabilities ranges between 30 and 90 days.

	2002 Rm	2001 Rm
17. COMMITMENTS		
Capital expenditure		
Authorised and contracted	**1**	4
Authorised but not yet contracted	**94**	52
	95	56

This expenditure will be financed from internal sources and existing borrowing facilities.

	2002 Rm	2001 Rm
Operating lease commitments		
Due within one year	**246**	206
Due thereafter	**674**	474
	920	680

The Group has no other commitments or contingent liabilities.

18. FOREIGN ASSETS

No assets are subject to exchange control of a foreign country.

19. FINANCIAL RISK MANAGEMENT

Senior executives meet on a regular basis to analyse interest rate exposures and evaluate treasury management strategies against revised economic forecasts. Compliance with Group policies and exposure limits are reviewed at quarterly meetings of the board. The directors believe, to the best of their knowledge, that there are no undisclosed financial risks.

19.1 Interest rate management

As part of the process of managing the Group's fixed and floating rate borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings and anticipated peak additional borrowings, the Company and its subsidiaries make use of interest rate derivatives, only as approved in terms of Group policy limits. At 31 August 2002, the Group had entered into derivative instruments exchanging variable for fixed interest rates. The value of borrowings hedged by interest rate derivatives and the fair values of these contracts as recorded, were as follows:

Notional amount Rm	Commencement date	Maturity date	Fair value Rm
306	1 March 2002	28 February 2003	3,9
80	1 June 2002	31 May 2003	6,4
407	2 July 2002	1 July 2003	3,0
			13,3

Notes to the Group financial statements
(continued)

19. FINANCIAL RISK MANAGEMENT (continued)

19.2 Foreign currency management

All foreign currency transactions are covered by forward exchange contracts from the time such transactions are entered into until settlement date. The writing of option contracts is prohibited. The amounts represent the net rand equivalents of commitments to purchase foreign currencies and all of these commitments mature within three months of the year end.

	Foreign currency 000	**Rand equivalent R000**	**Fair value R000**
Covered forward commitments			
US dollars	368	3 919	4 003
Euro	65	544	686

19.3 Embedded derivatives

Abra SA has entered into US dollar based property leases. A fair value loss of R11 million has been recognised of which R6 million was adjusted for against opening retained income in terms of IAS 39.

19.4 Credit risk management

Potential concentrations of credit risk consist principally of trade receivables and short term cash investments.

The Group only deposits short term cash surpluses with three major banks of high quality credit standing. Trade receivables comprise a large, widespread customer base. The granting of credit is controlled by application and behavioural scoring models, and the assumptions therein are reviewed and updated on an ongoing basis. At 31 August 2002, the Group did not consider that any significant concentration of credit risk existed which had not been adequately provided for.

19.5 Liquidity risk

The Group has no risk of illiquidity as shown by its substantial banking facilities and reserve borrowing capacity.

Banking facilities	**2002 Rm**	2001 Rm
Total banking and loan facilities	**1 417**	1 541
Bank borrowings (note 14)	**793**	953
Unutilised banking facilities	**624**	588

20. RETIREMENT BENEFITS

The Group has made provision for pension and provident schemes covering substantially all employees. All eligible employees are members of either a defined benefit or a defined contribution scheme administered by the Group, the South African Commercial, Catering and Allied Workers Union (SACCAWU) or the Social Security Fund in Poland, or the AMP NPI in the United Kingdom.

One defined benefit scheme and six defined contribution schemes are in operation. The assets of these schemes are held in administered trust funds separated from the Group's assets. Scheme assets primarily consist of listed shares, property trust units and fixed income securities. The schemes are governed by the South African Pension Funds Act of 1956 or the Polish Social Securities System Act of 1998, or the Pensions and Social Security Act of 2000 in the United Kingdom.

The defined benefit fund is valued actuarially at intervals of not more than three years using the projected unit credit method. The scheme was valued for financial reporting purposes at year end.

In arriving at their conclusion, the actuaries took into account the following reasonable long term estimates:

	2002 %	2001 %
Inflation	**6,5**	6,8
Increase in salaries	**8,0**	8,0
Increase in pensions	**4,2**	4,0
Return on investment	**11,5**	11,5
Discount rate	**11,5**	11,5

The actuarially determined fair value of the assets of the defined benefit scheme was R67 million (2001: R80 million) which corresponds with the market value at that date. This is sufficient to cover the benefits that had accrued to members, allowing for expected future increases in earnings, amounting to R61 million (2001: R75 million).

During the year approximately 11% of the fund's obligations and benefits were transferred to third parties resulting in the decrease in both the fair value of the defined benefit scheme assets and the estimated benefits accrued to members.

Notes to the Group financial statements
(continued)

	2002 Rm	2001 Rm
20. RETIREMENT BENEFITS (continued)		
Cost recognised	**7,2**	3,3
Current service cost	**5,0**	4,6
Interest cost	**8,5**	13,3
Curtailment/settlement cost	**2,8**	–
Expected return on plan assets	**(8,8)**	(13,3)
Asset utilised	**(0,3)**	(1,3)

As the Group has not conducted the surplus apportionment process as required by the Pension Funds Amendment Act, 2001, ownership of the surplus cannot be determined. As a result, the surplus in the fund has not been recognised as an asset.

Any deficit as determined by the actuaries is funded either immediately or through increased contributions to ensure the ongoing soundness of the scheme.

21. JD GROUP/NEDCOR ALLIANCE

The JD Group/Nedcor alliance (JDNA) was formed 14 months ago. The JDNA is governed by a supervisory board on which JD Group is represented by I D Sussman, H C Strauss and J L Bezuidenhout and is further made up of Nedcor executives.

The lending business, which is an alliance between Nedcor Limited and Capital One Services, Inc. (CNA), carries the loan book. The gross value of the loan book at 31 August 2002 amounts to R228 million. JD Group is at risk to the value of 25 percent of this loan book. Profits or losses in the lending business are paid by CNA to JDNA by way of a fee. In addition, an originating fee is paid by CNA to JDNA for the new business it generates.

The JDNA has a year end of 31 December, which is in line with Nedcor Limited's year end. The information above is unaudited but has been subjected to an agreed upon procedures review.

	Rm
21. JD GROUP/NEDCOR ALLIANCE (continued)	
Abridged income statement – 14 months ended 31 August 2002	
Fees received from Capital One	**19,0**
Originating fees	**10,6**
Other income	**1,1**
Administration overheads	**(30,6)**
Finance costs	**(1,1)**
Net loss for the period	**(1,0)**
JD share of net loss (50%)	**(0,5)**
Abridged balance sheet – 31 August 2002	
Assets	
Non-current assets	
Property, plant and equipment	**4,2**
Current assets	
Accounts receivable	**15,5**
Total assets	**19,7**
Equity and liabilities	
Equity and reserves	
Shareholders' equity	**1,9**
Current liabilities	
Intercompany	**4,3**
Deposits	**13,5**
Total equity and liabilities	**19,7**

22. RELATED PARTIES

Interest of directors in contracts

All the Group's corporate legal matters are performed by a company in which a non-executive director has a controlling interest.

23. COMPARATIVE FIGURES

Comparative figures have been restated where necessary in order to facilitate more meaningful comparisons.

24. SUBSEQUENT EVENTS

The Group is awaiting a ruling from The Competition Tribunal with regard to the acquisition of Profurn Limited.

Segmental analysis – Geographical

		South Africa	Neigh-bouring countries	Europe	Group
2002					
Revenue	Rm	3 673	114	296	4 083
Operating income	Rm	471	(6)	(47)	418
Depreciation	Rm	52	–	5	57
Total assets	Rm	3 874	132	247	4 253
Total current liabilities	Rm	878	4	97	979
Capital expenditure	Rm	48	–	19	67
Operating margin	%	12,8	(5,3)	(15,9)	10,2
Total sale of merchandise	Rm	2 222	69	292	2 583
Share of Group sale of merchandise	%	86,0	2,7	11,3	
Credit sales	Rm	1 796	54		1 850
Percentage of total	%	80,8	78,3		71,6
Cash sales	Rm	426	15	292	733
Percentage of total	%	19,2	21,7	100,0	28,4
Number of stores		652	16	27	695
Revenue per store	R000	5 633	7 125	10 963	5 875
Number of employees		9 361	295	408	10 064
Revenue per employee	R000	392	386	725	406
Instalment sale receivables – gross	Rm	3 832	140		3 972

		South Africa	Neigh-bouring countries	Europe	Group
2001					
Revenue	Rm	3 560	130	98	3 788
Operating income	Rm	657	11	(11)	657
Depreciation	Rm	49	1	1	51
Total assets	Rm	4 353	132	54	4 539
Total current liabilities	Rm	1 014	7	22	1 043
Capital expenditure	Rm	63	1	2	66
Operating margin	%	18,4	8,5	(11,4)	17,3
Total sale of merchandise	Rm	2 129	75	97	2 301
Share of Group sale of merchandise	%	92,5	3,3	4,2	
Credit sales	Rm	1 768	63		1 831
Percentage of total	%	83,0	84,0		79,6
Cash sales	Rm	361	12	97	470
Percentage of total	%	17,0	16,0	100,0	20,4
Number of stores		647	18	19	684
Revenue per store	R000	5 502	7 222	5 158	5 538
Number of employees		9 388	343	253	9 984
Revenue per employee	R000	379	379	387	379
Instalment sale receivables – gross	Rm	3 623	153		3 776

Segmental analysis – Business unit

		Russells	Joshua Doore	Bradlows	Price 'n Pride	Electric Express	Abra	BoConcept®	Corporate	Group
2002										
Revenue	Rm	1 352	989	606	522	318	232	64		4 083
Operating income	Rm	243	133	74	37	40	(31)	(21)	(57)	418
Depreciation	Rm	2	2	2	1	1	3	2	44	57
Total assets	Rm	1 224	884	550	592	243	74	109	577	4 253
Total current liabilities	Rm	181	144	84	78	51	65	32	344	979
Capital expenditure	Rm	2	2	2	1	–	5	13	42	67
Operating margin	%	18,0	13,4	12,2	7,1	12,6	(13,4)	(32,8)		10,2
Total sale of merchandise	Rm	807	608	395	278	203	228	64		2 583
Share of Group sale of merchandise	%	31,2	23,5	15,3	10,8	7,9	8,8	2,5		
Credit sales	Rm	667	470	320	255	138				1 850
Percentage of total	%	82,7	77,3	81,0	91,7	68,0				71,6
Cash sales	Rm	140	138	75	23	65	228	64		733
Percentage of total	%	17,3	22,7	19,0	8,3	32,0	100,0	100,0		28,4
Deposit rate on credit sales	%	12,5	14,1	18,1	13,8	18,0				14,5
Number of stores		194	146	93	121	114	22	5		695
Revenue per store	R000	6 969	6 774	6 516	4 314	2 789	10 545	12 800		5 875
Retail square meterage		131 266	114 608	69 908	74 192	17 947	24 066	12 631		
Revenue per square metre	Rand	10 300	8 629	8 669	7 036	17 719	9 640	5 067		
Number of employees		2 867	2 330	1 495	1 946	685	365	43	333	10 064
Revenue per employee	R000	472	424	405	268	464	636	1 488		406
Instalment sale receivables – gross	Rm	1 418	994	587	698	275				3 972
Bad debts written off	Rm	87	54	27	69	10				247
Bad debts written off as a percentage of gross receivables	%	6,1	5,4	4,6	9,9	3,6				6,2
Receivables' arrears	Rm	201	117	64	170	18				570
Receivables' arrears as a percentage of gross receivables	%	14,2	11,8	10,9	24,4	6,5				14,4
Average length of the book	Months	14,8	14,7	13,2	18,5	13,1				15,1

Segmental analysis – Business unit (continued)

		Russells	Joshua Doore	Bradlows	Price 'n Pride	Electric Express	Score	Abra	Corporate	Group
2001										
Revenue	Rm	1 287	916	578	350	289	270	98		3 788
Operating income	Rm	343	163	101	67	43	40	(11)	(89)	657
Depreciation	Rm	2	2	1	1	1	1	1	42	51
Total assets	Rm	1 209	847	545	676	228		54	980	4 539
Total current liabilities	Rm	180	145	87	79	51		22	479	1 043
Capital expenditure	Rm	1	1	1	1	–		2	60	66
Operating margin	%	26,7	17,8	17,5	19,0	14,8	14,9	(11,4)		17,3
Total sale of merchandise	Rm	770	563	366	176	185	144	97		2 301
Share of Group sale of merchandise	%	33,5	24,5	15,9	7,6	8,0	6,3	4,2		
Credit sales	Rm	650	442	307	166	129	137			1 831
Percentage of total	%	84,4	78,5	83,9	94,3	69,7	95,1			79,6
Cash sales	Rm	120	121	59	10	56	7	97		470
Percentage of total	%	15,6	21,5	16,1	5,7	30,3	4,9	100,0		20,4
Deposit rate on credit sales	%	9,8	12,3	15,6	11,7	16,0	11,7			12,1
Number of stores		191	142	92	131	109		19		684
Revenue per store	R000	6 738	6 451	6 283	2 672	2 651		5 158		5 538
Retail square meterage		131 185	112 327	66 472	75 107	16 930		18 586		
Revenue per square metre	Rand	9 811	8 155	8 695	4 660	17 070		5 273		
Number of employees		2 667	2 221	1 483	2 339	676		253	345	9 984
Revenue per employee	R000	483	412	390	150	428		387		379
Instalment sale/loan receivables – gross	Rm	1 320	904	573	740	239				3 776
Bad debts written off	Rm	46	39	19	37	4				145
Bad debts written off as a percentage of gross receivables	%	3,5	4,3	3,3	5,0	1,7				3,8
Receivables' arrears	Rm	153	98	60	156	14				481
Receivables' arrears as a percentage of gross receivables	%	11,6	10,8	10,5	21,1	5,9				12,7
Average length of the book	Months	15,0	14,8	13,9	20,4	12,9				16,2

Share incentive trusts

THE JD GROUP EMPLOYEE SHARE INCENTIVE SCHEME

	2002	2001
	Number of shares	
Shares available		
At beginning of year	**4 022 409**	6 820 909
Additional shares made available to the directors in terms of the scheme	**–**	–
Options granted	**(2 145 000)**	(2 947 500)
Options forfeited	**70 000**	149 000
At end of year	**1 947 409**	4 022 409
Share options granted		
At beginning of year	**9 326 280**	7 486 570
Options granted	**2 145 000**	2 947 500
Options forfeited	**(70 000)**	(149 000)
Options exercised	**(120 800)**	(958 790)
Newly listed	**(120 800)**	(958 000)
Acquired from The JD Group Limited Share Incentive Trust	**–**	(790)
At end of year	**11 280 480**	9 326 280
Number of participants	**171**	156
	Rm	Rm
Amount owing by employees to the Trust	**–**	–
Loan by the Company to the Trust	**–**	–

THE JD GROUP LIMITED SHARE INCENTIVE TRUST

	2002	2001
	Number of shares	
Shares available for utilisation		
At beginning of year	**638 309**	657 676
Issued	**353**	1 143
Held under options granted	**637 956**	656 533
Shares sold to The JD Group Employee Share Incentive Scheme	**–**	(790)
Options exercised	**–**	(18 577)
At end of year	**638 309**	638 309
Issued	**353**	353
Held under options granted	**637 956**	637 956
Shares held in trust		
At beginning of year	**–**	302 467
Shares taken up	**–**	(302 467)
At end of year	**–**	–
Number of participants	**9**	9
	Rm	Rm
Amount owing by employees to the Trust	**–**	–
Loan by the Company to the Trust	**10**	10

Salient features of The JD Group Employee Share Incentive Scheme trust deed

The JD Group Employee Share Incentive Scheme trust deed dated 4 March 1996, was approved and adopted by the directors of JD Group on 29 March 1996. The trust deed was amended by special resolution on 31 January 2001.

1. PURPOSE

The scheme is intended as an incentive to present and future employees (including executive and non-executive directors) of JD Group to render services to the Company by giving them the opportunity to acquire ordinary shares in and enabling them to share in the wealth of the Company.

2. SHARES AVAILABLE TO THE SCHEME

The number of ordinary shares for which the options may be granted shall not, in the aggregate, exceed 16 000 000 shares which currently represents approximately 14,3% of the Company's issued share capital.

The aggregate number of shares that may be acquired by any one participant in terms of this scheme shall not exceed 1 600 000 shares in the Company, being approximately 1,4% of the present issued ordinary share capital of the Company.

3. OPTION PRICE

The price per share payable by a participant upon the exercise of share options in terms of this scheme, shall be an amount equal to 85% of the closing ruling price at which shares of the Company are traded on the JSE on the trading day immediately preceding the date upon which the board will have resolved to grant, or direct the trustees to grant, the relevant option.

Each share option shall confer the right on the holder thereof to subscribe for or purchase one share at the option price.

4. EXERCISE OF SHARE OPTIONS

Option plan

Share options may not be exercised, until after a period, calculated from the date of acceptance of offer as follows

- more than two years shall have elapsed, in which event not more than 20%;
- more than three years shall have elapsed, in which event not more than 40%, cumulatively;
- more than four years shall have elapsed, in which event not more than 60%, cumulatively;
- more than five years shall have elapsed, in which event not more than 80%, cumulatively; and
- more than six years shall have elapsed, in which event all, or any lesser number, being a multiple of 100, of the relevant share options may be exercised,

provided that the board may, subject to the lapsing of a share option, permit exercise dates contemplated above to be anticipated or postponed to such other date/s and to the extent determined by the board.

5. SHARE OPTIONS GRANTED IN RESPECT OF UNISSUED SHARES

Date of grant	Price (cents)	Number of shares
24 June 1996	1 879	871 680
28 August 1996	1 785	21 000
20 August 1997	2 763	248 000
5 November 1997	2 763	108 000
2 February 1998	2 932	48 000
2 September 1998	1 403	821 800
1 June 1999	2 809	94 000
4 October 1999	2 907	758 000
25 May 2000	2 984	3 300 000
22 November 2000	2 848	1 880 000
2 May 2001	2 720	800 000
30 July 2001	2 962	200 000
30 May 2002	1 428	2 130 000
		11 280 480

6. THE JD GROUP LIMITED SHARE INCENTIVE TRUST

JD Group currently has two share incentive schemes in operation, namely the scheme referred to in paragraphs 1 to 5 above and the JD Group Limited Share Incentive Trust.

No further shares will be made available to the JD Group Limited Share Incentive Trust.

Share options granted in respect of issued shares

Date of grant	Price (cents)	Number of shares
4 October 1999	3 418	637 956

These options become exercisable as follows

On or after 5 October 2002	127 591
On or after 5 October 2003	127 591
On or after 5 October 2004	382 774
	637 956

The scheme referred to in paragraphs 1 to 5 above, has effectively replaced The JD Group Limited Share Incentive Trust and accordingly the salient features thereof have not been disclosed.

Company financial statements

The Company operates as an investment holding company only. All trading and banking is conducted through its wholly owned subsidiaries. Consequently, no cash flow statement is presented. The statement of changes in equity has not been prepared as the movement is evident from the Company income statement and Group statement of changes in equity.

	Notes	2002 Rm	2001 Rm
INCOME STATEMENT			
Dividend received from JDG Trading (Pty) Ltd		**11**	8
Revaluation of investment	1	**77**	15
Net income before taxation		**88**	23
Taxation – secondary taxation on companies		**6**	12
Net profit after taxation		**82**	11
Retained income brought forward		**42**	137
		124	148
Distribution to shareholders		**63**	106
Retained income carried forward		**61**	42

	Notes	2002 Rm	2001 Rm
BALANCE SHEET			
Assets			
Investment in JDG Trading (Pty) Ltd			
– shares at cost		**55**	55
– forward subscription of shares	1	**629**	552
Loan to JDG Trading (Pty) Ltd		**176**	252
Interest in subsidiary company – JDG Trading (Pty) Ltd		**860**	859
Share incentive trusts		**10**	10
		870	869
Equity and liabilities			
Share capital and premium		**782**	781
Retained income		**61**	42
Shareholders' equity		**843**	823
Other net liabilities		**27**	46
		870	869

NOTES

1. Investments with a guaranteed maturity valuation are written up over the life of the investment to the guaranteed value. This forward subscription will be settled by the issue of shares in JDG Trading (Pty) Ltd to the value of R1 036 million on 29 June 2006.

Subsidiaries

	Country of incorporation	Percentage interest held 2002 %	Percentage interest held 2001 %	Issued share capital 2002	Issued share capital 2001	Direct interest of holding company: Shares 2002 Rm	Shares 2001 Rm	Indebtedness 2002 Rm	Indebtedness 2001 Rm
DIRECT SUBSIDIARY									
JDG Trading (Pty) Ltd*	South Africa	**100**	100	**600 000**	600 000	**55**	55	**176**	252
INDIRECT SUBSIDIARIES									
JD Group Asset Financing (Pty) Ltd[†]	South Africa	**100**	100	**200**	200				
JD Group International (Pty) Ltd[‡]	South Africa	**100**	100	**8**	7				
JD Group Europe BV[ø]	The Netherlands	**100**	100	**400**	400				
Abra SA*	Poland	**99,47**	90	**2 248 932**	1 120 000				
BoConcept UK Ltd*	United Kingdom	**85**		**5 000 000**					
BoConcept Bournemouth Ltd*	United Kingdom	**85**		**2**					
BoConcept Tottenham Court Road Ltd*	United Kingdom	**85**		**40 001**					
JD Group (Botswana) (Pty) Ltd*	Botswana	**100**	100	**100**	100				
JD Group (Lesotho) (Pty) Ltd*	Lesotho	**100**	100	**100**	100				
JD Group (Namibia) (Pty) Ltd*	Namibia	**100**	100	**100**	100				
JD Group (Swaziland) (Pty) Ltd*	Swaziland	**100**	100	**2**	2				
Name protection companies[#]	South Africa	**100**	100						
						55	55	**176**	252

NOTES

1. All the above are unlisted
2. Activities of subsidiaries
   - * Retailers of household furniture, appliances and home entertainment products
   - † Asset financing company
   - ‡ Investment holding company
   - ø European investment holding company
   - # Dormant – a list of name protection companies is available for inspection by members at the registered office of the Company

Analysis of shareholders

	Number of shareholders	% of total	Number of shares	% of total
REGISTERED ADDRESS				
South Africa	1 562	94	103 354 477	92
United States of America	26	2	4 035 263	4
United Kingdom	24	1	2 850 260	2
Other	49	3	2 490 000	2
	1 661	100	112 730 000	100
SIZE OF HOLDING				
1 – 1 000	1 079	65	236 945	
1 001 – 5 000	220	13	543 279	1
5 001 – 10 000	57	3	419 604	
10 001 – 50 000	92	6	4 694 770	4
Over 50 000	213	13	106 835 402	95
	1 661	100	112 730 000	100
CATEGORY OF SHAREHOLDERS				
Individuals	972	59	3 304 630	3
Employees and directors	13	1	1 079 382	1
Insurance companies, pension and provident funds	105	6	79 463 377	70
Nominee companies and other corporate bodies	571	34	28 882 611	26
	1 661	100	112 730 000	100
NON-PUBLIC SHAREHOLDERS				
Directors	6	–	427 856	–
Pension fund	1	–	2 144	–
Share incentive scheme	1	–	638 309	1
	8	–	1 068 309	1

To the best of the Company's knowledge, the entities which control in excess of 5% of the Company's equity are:

Old Mutual	28 599 825	25
Public Investment Commission (SA)	19 241 226	17
Sanlam	6 522 675	6
	54 363 726	48

Notice to shareholders

Notice is hereby given that the annual general meeting of shareholders will be held in the boardroom, 11th Floor, JD House, 27 Stiemens Street, Braamfontein, on Monday 17 February 2003 at 09:00 for the following purposes:

1. To receive and adopt the annual financial statements of the Group and Company for the year ended 31 August 2002.

2. To elect as directors J L Bezuidenhout, H C Strauss and N W E Thomson who retire by rotation in accordance with the articles of association and, being eligible, offer themselves for re-election.

3. To renew the authority granted to the directors in terms of section 221 of the Companies Act to issue the unissued shares of the Company at their discretion until the next annual general meeting of the Company in respect of a maximum of ten million shares (equivalent to 8,9% of the Company's current issued share capital).

4. To consider and, if deemed fit, to pass with our without modification, the following special resolutions:

4.1 Special resolution number 1

RESOLVED as a special resolution, that the articles of association of the Company be and are hereby amended by the addition of the following new article 8.5 to read as follows:

"8.5 Subject to the provisions of the Act and in terms of the listing requirements of the JSE, the Company is hereby granted a general authority for the acquisition of shares issued by the Company as and when suitable opportunities arise, having been authorised thereto by its articles, subject to the following conditions:

8.5.1 that any acquisition of shares shall be implemented on the open market of the JSE;

8.5.2 that this authority shall be valid only until the next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of the special resolution;

8.5.3 the general repurchase shall in any one financial year be limited to a maximum of 20% of the Company's issued share capital of that class at the time the authority is granted;

8.5.4 the acquisition of shares by a subsidiary of the Company may not exceed 10% in aggregate of the number of issued shares of the Company in any one financial year."

The reason for and effect of this special resolution number 1 is to grant the Company a general approval in terms of the Act for the acquisition of shares of the Company. Such general authority will provide the board with the flexibility, subject to the requirements of the Act and the JSE, to repurchase shares should it be in the interests of the Company at any time while the general authority exists. This general approval shall be valid until the earlier of the next annual general meeting of the Company, or its variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond 15 months from the date of the passing of this special resolution.

Notice to shareholders (continued)

4.2 Special resolution number 2

RESOLVED as a special resolution, that the articles of association of the Company be and are hereby amended by the addition of the following new article 150 to read as follows:

"150. USE OF ELECTRONIC MEDIA

150.1 Interpretation

150.1.1 The provisions of this article 150 shall apply notwithstanding any contrary provisions in the Constitution.

150.1.2 In this article, the following terms shall have the following meaning:

150.1.2.1 "Board" means the board of directors of the Company;

150.1.2.2 "Constitution" means the memorandum and articles of association of the Company;

150.1.2.3 "Data Message" includes information generated, displayed, sent, received or stored by electronic, optical or similar means, including, but not limited to, hypertext mark-up language (html) or similar text displayed via a web browser, electronic data interchange (EDI), electronic mail, telegram, telex or telecopy;

150.1.2.4 "Data Message Notice" means a notice contemplated in the Constitution and/or applicable law to be issued by the Company and "Data Notice Notification" shall have a corresponding meaning;

150.1.2.5 "Electronic Proxies" means a proxy received by the Company via the Proxy System;

150.1.2.6 "Hyperlink" means a link in a document linking such document either to a section of such document or to another document on the Information System;

150.1.2.7 "Information System" means a system for generating, displaying, sending, receiving, storing or otherwise processing Data Messages and includes the Internet and the World Wide Web;

150.1.2.8 "Online" means via an Information System;

150.1.2.9 "Proxy System" means an information technology based system, approved by the Board, providing for members to appoint a proxy and/or deliver the Electronic Proxy to the Company via an Information System;

150.1.2.10 "Third Party System" means an Information System, wholly or partly managed by a party other than the Company;

150.1.2.11 "Website" means any computer on an Information System running a World Wide Web or similar protocol server process.

150.1.3 The provisions of this clause shall apply equally notwithstanding the Company sending or displaying Data Message Notices and/or facilitating Electronic Proxies itself or via a Third Party System, provided that members shall be subject to such additional terms and conditions, if any, as provided for by the third party providing these services.

150.1.4 Wherever this article 150 deals with matters requiring the approval of the Board, such approval, unless otherwise stated, shall be capable of being given in whichever manner the Board deems fit, at a regular Board meeting and it shall be competent for the Board to give approval retrospectively.

150.1.5 Wherever this article 150 requires "applicable law" to follow a certain interpretation, such requirement shall be interpreted to mean "to the extent permitted by applicable law".

150.2 Data Message Notice

150.2.1 Whenever the Constitution deals with notification by the Company, it shall be sufficient for the Company, subject to the provisions of article 150.2.2, to effect such service of notice on members or third parties by Data Message Notice without the requirement to effect such service of notice by any other means.

150.2.2 The provisions of this article shall not apply to such members who have supplied the Company with their Data Message addresses. Notwithstanding the aforegoing, a member having supplied the Company with its Data Message address may, on notification to the Company by registered mail:

150.2.2.1 decline Data Message Notification ("withdrawal") and require paper based notification in accordance with the remainder of the provisions of the Constitution, provided that such withdrawal shall become effective on the 5th business day after receipt thereof by the Company and provided further that no Data Message Notification sent by the Company prior to such date shall be affected by the withdrawal; or

150.2.2.2 request paper-based notification over and above Data Message Notification, provided that in such instance Data Message Notification shall nevertheless be the only notification to be considered for purposes of compliance with the Constitution.

150.2.3 Unless clearly inconsistent with the provisions of this article 150, reference elsewhere in the Constitution to notification by "mail" or "post" or words of similar effect shall, subject at all times to the provisions of article 150, likewise apply to Data Message Notification.

150.2.4 Data Message Notification shall be deemed to constitute a valid notice irrespective of whether the information forming the subject matter of the notice is:

Notice to shareholders (continued)

150.2.4.1 contained as texts in the body of the Data Message; or

150.2.4.2 provided as an attachment to the Data Message as a separate document, in any file format generally used, including portable document format (.pdf); or

150.2.4.3 made available for direct or indirect access or download, as the case may be, by a hyperlink in the Data Message; or

150.2.4.4 made available on a website for direct or indirect access or download, as the case may be, on a website, the address of which is provided in the Data Message; or

150.2.4.5 a combination of the above.

150.2.5 A Data Message Notice shall be deemed to have been served on the member on the day of having been sent by or on behalf of the Company and in providing such service it shall be sufficient to prove that the Data Message Notice had been sent to the appropriate address as evidenced by the relevant message logs of the Company or its agent, provided that a member shall not be entitled to dispute service under any circumstances after expiration of 6 (six) months from the official issue date of the notice or 14 (fourteen) days after a meeting for which such notice had been issued, whichever occurs first.

150.2.6 In as far as the Constitution or applicable laws require Data Message Notices to be signed, such requirement shall be met in all respects in accordance with the provisions of article 150.4.

150.2.7 In as far as the Constitution or applicable laws require Data Message Notices to be submitted to or otherwise filed with the Company, such requirements shall be met if, in the sole opinion of the Board, the Information System is capable of satisfying the requirements of article 150.7.

150.2.8 A Data Message sent by a member of the Company shall not be deemed to have been received unless actually received.

150.2.9 Members acknowledge and accept that Data Message Notification may lead to certain costs on their part, including telephone dial-up costs and cost of printing.

150.3 Electronic Proxies

150.3.1 No Electronic Proxies from members shall be allowed without the approval of the Board. Once approved, the Board shall at all times, in its sole and absolute discretion, have the right to withdraw such approval without furnishing reasons.

150.3.2 Electronic Proxies from members shall only be permitted via a Proxy System approved by the Board, provided that the Board shall at all times, in its sole discretion, have the right to withdraw such approval without furnishing reasons.

150.3.3 Notwithstanding approval of the Proxy System, the Board may from time to time specify criteria or conditions which must be complied with by members to become eligible to use Electronic Proxies.

150.3.4 A proxy issued and/or completed and/or submitted via a Proxy System shall for all intents and purposes be treated similar to a paper based proxy issued and/or completed and/or submitted otherwise than in electronic form.

150.3.5 In as far as the Constitution or applicable laws require proxies to be signed, such requirement shall be met in all respects in accordance with the provisions of article 150.4.

150.3.6 In as far as the Constitution or applicable laws require proxies to be submitted to or otherwise filed with the Company, such requirements shall be met if, in the sole opinion of the Board, the Proxy System is capable of satisfying the requirements of article 150.7.

150.4 Signatures

150.4.1 Whenever the Constitution or applicable law requires a signature of a member or other person, that requirement is met in relation to a Data Message if:

150.4.1.1 a method is used to identify that person and to indicate that person's approval of the information contained in the Data Message; and

150.4.1.2 that method is, in the sole and absolute discretion of the Board, as reliable as was appropriate for the purpose for which the Data Message was generated or communicated, in light of all the circumstances.

150.5 Writing

150.5.1 Whenever the Constitution or applicable law requires information to be in writing, that requirement is met by a Data Message if the information contained therein is accessible so far as to be usable for subsequent reference.

150.5.2 Article 150.5.1 applies whenever the requirement therein is in the form of an obligation or whether applicable law simply provides consequences for the information not being in writing.

150.6 Original

150.6.1 Whenever the Constitution or applicable law requires information to be presented or retained in its original form, the requirement is met by a Data Message if:

150.6.1.1 there exists a reasonable assurance as to the integrity of the information from the time when it was first generated in its final form, as a Data Message or otherwise; and

150.6.1.2 where it is required that information be presented, that information is capable of being displayed to the person to whom it is to be presented.

150.6.2 Article 150.6.1 applies where the requirement therein is in the form of an obligation or whether applicable law simply

Notice to shareholders (continued)

provides consequences for the information not being presented or retained in its original form.

150.6.3 For the purposes of article 150.6.1.1:

150.6.3.1 the criteria for assessing integrity shall be whether the information has remained complete and unaltered, apart from the addition of any endorsement and any change which arises in the normal course of communication, storage and display; and

150.6.3.2 the standard of reliability shall be assessed in the light of the purpose for which the information was generated and in the light of all the relevant circumstances.

150.7 Record Retention

150.7.1 Where the Constitution or applicable law requires that certain documents, records or information be retained, that requirement is met by retaining Data Messages, provided that the following conditions are satisfied:

150.7.1.1 the information contained therein is accessible so as to be useable for subsequent reference; and

150.7.1.2 the Data Message is retained in the format in which it was generated, sent or received, or in a format which can be demonstrated to represent accurately the information generated, sent or received; and

150.7.1.3 such information, if any, is retained as enables the identification of the origin and destination of a Data Message and the date and time when it was sent or received.

150.7.2 An obligation to retain documents, records or information in accordance with article 150.7.1 does not extend to any information, the sole purpose of which is to enable the message to be sent or received.

150.7.3 A person may satisfy the requirement referred to in article 150.7.1 by using the services of any other person, provided that the conditions set forth in articles 150.7.1.1, 150.7.1.2 and 150.7.1.3 are met.

150.8 Evidence

150.8.1 In any legal proceedings, nothing in the application of the rules of evidence shall apply so as to deny the admissibility of a Data Message in evidence:

150.8.1.1 on the sole grounds that it is a Data Message; or

150.8.1.2 if it is the best evidence that the person adducing it could reasonably be expected to obtain, on the grounds that it is not in its original form.

150.8.2 Information in the form of a Data Message shall be given due evidential weight. In assessing the evidential weight of a Data Message, regard shall be had to the reliability of the manner in which the Data Message was generated, stored or communicated, to the reliability of the manner in which the integrity of the information was maintained, to the manner in which its originator was identified, and to any other relevant factor."

The reason for and effect of this special resolution number 2 is to enable the Company to comply with recent amendments to the Companies Act and JSE Securities Exchange South Africa listings requirements as well as the inclusion of the necessary articles to enable the Company to comply with the new provisions of STRATE.

5. To transact such other business as may be transacted at an annual general meeting.

A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member of the Company.

Proxy forms should be forwarded to reach the transfer secretaries of the Company not less than forty-eight hours before the time appointed for the meeting.

By order of the board

Melvyn Jaye

M I JAYE CA(SA)
Company Secretary

12 December 2002

Directorate & administration

JD GROUP LIMITED
Registration number: 1981/009108/06
Share code: JDG
ISIN code: ZAE 000030771

EXECUTIVE DIRECTORS
I D Sussman BCom (Executive Chairman)
H C Strauss (Managing)
J L Bezuidenhout BCom, LLB
N W E Thomson *
G Völkel BAcc CA(SA)

NON-EXECUTIVE DIRECTORS
M E King SC BA LLB (cum laude) HDip Tax Law
Dr D Konar BCom HDip Acc MAS Cert Tax Law DCom CA(SA)
I S Levy Dip Law
M Lock BCom CA(SA)
M J Shaw CA(SA)

JDG TRADING (PROPRIETARY) LIMITED
Registration number: 1958/003362/07

DIRECTORS
I D Sussman BCom (Chairman)
H C Strauss (Managing)
A W Beeforth BCom CA(SA)
B R Behrens
J L Bezuidenhout BCom LLB
I R Child BCom (Hons) BAcc CA(SA)
J B Gibson
F Ginsberg
V G Horn
J H C Kok
A J Maré
L M Mentor IPM Dip CPIR
A Neven
M J Richards * CA(SA) ACA
L T Rundle BTech
N W E Thomson *
W van der Westhuizen
L P van Doesburgh BCompt
G Völkel BAcc CA(SA)

* British

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Internet website http://www.jdg.co.za

AUDIT COMMITTEE
M E King (Chairman)
Dr D Konar
M J Shaw

NOMINATIONS COMMITTEE
I S Levy (Chairman)
M E King
Dr D Konar
M J Shaw
I D Sussman

REMUNERATION COMMITTEE
I S Levy (Chairman)
M E King
Dr D Konar
M J Shaw
I D Sussman

RISK MANAGEMENT COMMITTEE
Dr D Konar (Chairman)
J H C Kok
P J Pienaar BCom
M J Richards
M J Shaw
N W E Thomson
G Völkel

AUDITORS
Deloitte & Touche
Private Bag X6
Gallo Manor
2052

BANKERS
ABSA Bank Limited
Nedbank, a division of Nedcor Bank Limited
Standard Corporate and Merchant Bank, a division of The Standard Bank of South Africa Limited

ATTORNEYS
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(Levy, Feinsteins & Associates Incorporated)

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Facsimile +27 11 507 0502

Namibia
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Telephone +264 61 254 194
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TRANSFER SECRETARIES
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Namibia
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The Bank of New York
1 Wall Street, New York
NY 10286
United States of America
Telephone +1 646 885 3242
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Shareholders' diary

Financial year end	31 August
Interim report for half year	Published April
Announcement of annual results	Published October
Annual financial statements	Published November
Annual general meeting	17 February 2003
Interim dividend declaration	Declared April
Final dividend declaration	Declared October

Form of proxy

JD Group Limited
(Registration number 1981/009108/06)
Share code: JDG
ISIN code: ZAE000030771

FOR THE ANNUAL GENERAL MEETING – FOR USE BY CERTIFICATED SHAREHOLDERS

Holders of dematerialised ordinary shares must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary authorisation to attend the annual general meeting in person or provide their CSDP with their voting instructions should they not wish to attend the annual general meeting in person.

I/We ______________________________

being a member/members of JD Group Limited and entitled to ______________ votes, hereby appoint

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the meeting as my/our proxy to vote on my/our behalf at the annual general meeting of the Company to be held at 09:00 on 17 February 2003 or at any adjournment thereof, as follows:

	For	Against	Abstain
*Ordinary resolution number 1			
*Ordinary resolution number 2			
*Ordinary resolution number 3			
*Special resolution number 1			
*Special resolution number 2			

*Mark with an "X" whichever is applicable. Unless otherwise directed the proxy will vote as he/she thinks fit.

Signed at ______________ on ______________ 2003

Member ______________________________

A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and, on a poll, to vote in his/her stead.

Form of proxy – Notes

1. On a poll a shareholder is entitled to one vote for each share held.

2. Forms of proxy must be lodged at, posted to or faxed for attention Mr P Buys (+27 (11) 370 5390), Computershare Investor Services Limited, 70 Marshall Street, Marshalltown 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa) to reach the Company at least 48 hours before the meeting.

3. **If you have not dematerialised your shares or you have dematerialised your shares and selected own name registration in the subregister:**
   You may either attend the general meeting in person or complete and return the form of proxy in accordance with the instructions contained therein to the transfer secretaries.

4. **If you have dematerialised your shares through a CSDP or broker and registered them in a name other than your own name:**
   You may advise your CSDP or broker of your voting instructions on the proposed resolutions. However, should you wish to attend the annual general meeting in person, you will need to request your CSDP or broker to provide you with the necessary authority in terms of the custody agreement entered into with the CSDP or broker.

GRAPHICOR 27606

JD GROUP

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www.jdg.co.za